

BEGIN - DECEMBER 27, 1958

30.24- 5657

AS

AMS BUDGET (1,350)
NIGHT LEAD CURRENCIES (ROUNDUP)
BY ALVIN J. STEINKOPF

LONDON, DEC. 27 (AP)—WESTERN EUROPE PLUNGED TODAY INTO GIGANTIC MONETARY AND ECONOMIC READJUSTMENTS. THE OUTSTANDING FEATURES WERE A LARGE EXTENSION OF CONVERTIBILITY OF THE BRITISH POUND AND DEVALUATION OF THE FRENCH FRANC.

THESE TWO MOVES WERE FOLLOWED SWIFTLY BY A LIBERALIZATION OF FINANCIAL POLICIES IN OTHER STATES. FRANCE, WESTERN GERMANY, DENMARK, HOLLAND, NORWAY, ITALY, SWEDEN, BELGIUM AND LUXEMBOURG JOINED BRITAIN IN THE CONVERTIBILITY PARADE. MOST OF THEM ANNOUNCED THAT THEIR CURRENCIES WOULD BE CONVERTIBLE AS OF MONDAY.

THE BRITISH ACTION, BENEFITTING MOSTLY NON-RESIDENTS, MEANS THAT LARGE SUMS IN POUNDS HELD IN BRITAIN BY ANY FOREIGNERS WHO ARE NOT STERLING AREA RESIDENTS MAY BE CONVERTED INTO DOLLARS OR OTHER CURRENCIES AT A SINGLE OFFICIAL RATE. THIS IS \$2.72 TO \$2.82 TO THE POUND, GENERALLY \$2.80.

THE IMMEDIATE EFFECT OF THE FRANC DEVALUATION--FROM 420 TO 493.7 TO THE DOLLAR--WILL BE TO GIVE THE AMERICAN TOURIST ON THE CHAMPS ELYSEES AN EXTRA 15 CENTS IN SPENDING MONEY WHEN HE CONVERTS HIS DOLLAR. FOR THE FRENCHMAN THE NEW MOVE ADDS UP TO LESS SPENDING MONEY.

THE DE GAULLE GOVERNMENT ALSO DECIDED TO ISSUE A NEW UNIT OF CURRENCY, CALLED THE HEAVY FRANC, TO END THE LONGSTRING OF ZEROES NEEDED TO ADD UP FRENCH BUDGETS. THE NEW HEAVY FRANC TO BE INTRODUCED GRADUALLY IN THE NEXT YEAR, WILL BE EQUAL TO 100 OF THE OLD FRANCS. THE EFFECT WILL BE TO CHOP OFF TWO ZEROES ON PRESENT BILLS.

THE OVERALL READJUSTMENTS IN BRITAIN, FRANCE AND THE REST OF EUROPE WERE EXPECTED TO CAUSE WIDESPREAD REPERCUSSIONS IN TRADE AND FINANCE. THE EUROPEAN PAYMENTS UNION (EPU), A SCHEME ENABLING EUROPEAN NATIONS TO DEFER FULL PAYMENT OF SUMS THEY OWE EACH OTHER, GOES OUT OF EXISTENCE.

EPU IS REPLACED BY THE EUROPEAN MONETARY AGREEMENT (EMA) WHICH WILL INSIST ON FULL PAYMENTS. EMA DOES SET UP A 600-MILLION-DOLLAR FUND TO GIVE SHORT-TERM CREDITS TO NATIONS WITH UNFAVORABLE TRADE BALANCES.

IN SOME QUARTERS IT WAS BELIEVED THE BRITISH MOVE TO MAKE STERLING A MORE ATTRACTIVE CURRENCY MIGHT TOUCH OFF A TRADE WAR BETWEEN BRITAIN AND SIX NATIONS--FRANCE, WESTERN GERMANY, ITALY, BELGIUM, HOLLAND AND LUXEMBOURG--WHICH WILL PUT THEIR COMMON MARKET PLAN INTO OPERATION JAN. 1.

THIS IS A SCHEME AIMED AT AN EVENTUAL COMMON TARIFF AREA AND THE WELDING TOGETHER OF A SOLID TRADING BLOC.

BRITAIN, BECAUSE OF SPECIAL COMMITMENTS TO ITS PARTNERS IN THE COMMONWEALTH, HAS KEPT OUT OF THE COMMON MARKET PLAN. THERE WERE CHARGES ON THE CONTINENT THAT BRITAIN WAS OUT TO TORPEDO THE WHOLE SCHEME OF MAKING ITS MONEY READILY CONVERTIBLE.

A BRITISH TREASURY SPOKESMAN DENIED ANY SUCH INTENT, SAYING THE LIBERALIZATION OF CONVERTIBILITY WAS A RESULT OF FACTORS WHICH HAVE BEEN BUILDING UP FOR SOME YEARS.

"THE BRITISH CHANGES WERE MADE WITH THE FULL UNDERSTANDING OF FRANCE AND WEST GERMANY, AND FRANCE ACTUALLY URGED US TO ADVANCE OUR PLANS A LITTLE TO MAKE THEM COINCIDE WITH ITS OWN READJUSTMENTS," HE SAID.

THE BRITISH TREASURY RADIATED OPTIMISM. A SPOKESMAN SAID THE BIG STEP TOWARD COMPLETE CONVERTIBILITY--A DISTANT GOAL--IS GOOD NEWS

NOT ONLY FOR BRITAIN BUT FOR THE CONTINENTAL NATIONS WHICH ARE MAKING OR PLANNING SIMILAR MOVES.

"BRITISH STERLING, WHICH ALREADY FINANCES MORE THAN HALF THE WORLD'S INTERNATIONAL TRADE, WILL BECOME MORE USEFUL," HE SAID. THE CHANGE COULD BE MADE AT THIS TIME, HE ADDED, BECAUSE BRITAIN'S LIABILITIES IN STERLING HAVE FALLEN SHARPLY AND ITS RESERVES IN DOLLARS AND OTHER FOREIGN CURRENCIES HAVE RISEN IN AN ALMOST SPECTACULAR MANNER.

BUT THE INFLUENCES AT WORK HERE ALSO WERE BEING FELT ON THE CONTINENT. OTHER NATIONS FELT THEMSELVES ABLE TO EXTEND THE CONVERTIBILITY OF THEIR CURRENCIES, AND OBVIOUSLY WERE WAITING FOR BRITAIN TO MAKE THE FIRST MOVE.

IT WAS EMPHASIZED HERE THAT THE BRITISH ACTION FOLLOWED FULLEST CONSULTATION WITH VIRTUALLY ALL EUROPEAN STATES, AND THAT ALL HAD TIME TO MAKE THEIR OWN ADJUSTMENTS AND DECISIONS.

THERE WAS SOME FEAR THE OBLITERATION OF EPU MIGHT HINDER SOME OF THE WEAKER OF THE 17 MEMBER STATES.

UNDER THE EPU SCHEME MEMBERS COULD PAY INTO A CENTRAL FUND 75 PER CENT OF MONEY DUE AT PERIODIC SETTLEMENTS, AND GET AN AUTOMATIC CREDIT FOR 25 PER CENT. EASIER CONVERTIBILITY WILL MAKE IT PREFERABLE FOR MANY STATES TO MAKE BILATERAL SETTLEMENTS.

A MAJORITY OF MEMBERS HAVE NOTIFIED THE ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION (CAPS OEEC) THAT THEY FAVORED SCRAPPING EPU AND SETTING UP EMA ON SIMPLER LINES, WITHOUT PROVISION OF AN AUTOMATIC CREDIT.

IT WAS POINTED OUT THAT TURKEY, WHICH HAS BEEN OBLIGED TO RELY ON THE AUTOMATIC CREDIT, MIGHT BE INJURED. OTHERS MIGHT BE PINCHED. BUT AT THE TREASURY IT WAS SAID THAT ADEQUATE CONSIDERATION WILL BE GIVEN TO THE SPECIAL POSITION OF SUCH STATES. THERE WAS NO ELABORATION OF RELIEFS CONTEMPLATED.

UP TO TODAY NON-RESIDENTS HOLDING STERLING HERE WERE ABLE TO CONVERT INTO OTHER CURRENCIES BY ACCEPTING A RATE LESS FAVORABLE THAN THE OFFICIAL. IT WAS MANAGED BY HAVING TWO TYPES OF STERLING, OFFICIAL AND TRANSFERABLE.

NEW YORK AND ZURICH DEALT IN TRANSFERABLE STERLING, ENABLING FOREIGNERS TO GET CASH OUT OF BRITAIN. NOW TRANSFERABLE STERLING IS DISCONTINUED AND TRANSACTIONS IN IT IN SWITZERLAND AND THE UNITED STATES WILL CEASE.

CONFIDENCE WAS EXPRESSED IN GOVERNMENT QUARTERS THAT THERE WILL BE NO EXTRAORDINARY DRAIN ON BRITAIN'S DOLLAR RESERVES. IN FACT, IT WAS EXPECTED THAT FOREIGN BUYING OF STERLING WOULD BE STIMULATED.

WHILE THE BENEFITS OF EXPANDED CONVERTIBILITY GO MOSTLY TO FOREIGNERS, AND NO UNUSUAL REPERCUSSIONS WERE EXPECTED DOMESTICALLY, BRITONS AT HOME WILL GRADUALLY BECOME AWARE OF IMPROVEMENTS COMING FROM LIVELIER FOREIGN TRADE.

"THE BRITON AT HOME ALREADY HAS SOME MEASURE OF CONVERTIBILITY," A SPOKESMAN SAID. "HE CAN CONVERT 100 POUNDS A YEAR TO TRAVEL ABROAD. THEN, HE MAY BUY DOLLARS TO MAKE VITAL IMPORTS OF AN INCREASING RANGE OF COMMODITIES."

"HE MUST CONVINCE THE GOVERNMENT, OF COURSE, THAT IMPORTS ARE NECESSARY, AND SO FOR THE BRITON AT HOME CONVERTIBILITY IS CONTROLLED BY A SYSTEM OF IMPORT LICENSING."

"THE TREND IS TO EASE RESTRICTIONS. BUT THE DAY OF COMPLETE FREEDOM, TO ALLOW HIM FOR INSTANCE TO USE STERLING TO MAKE CAPITAL INVESTMENTS ABROAD, SEEMS STILL TO BE A LONG WAY OFF."

ALL PERSONS HAVING STERLING HERE, AND WHO ARE NOT RESIDENTS OF BRITAIN OR STERLING AREA NATIONS, MAY CONVERT THEIR POUNDS INTO DOLLARS AND TAKE THEM FROM THE COUNTRY. PAYMENTS WILL BE MADE OUT OF BRITAIN'S DOLLAR RESERVES.

THE GOVERNMENT DID NOT DISCLOSE HOW MUCH STERLING IS HELD BY FOREIGNERS WHO QUALIFY FOR CONVERTIBILITY, BUT ONE ESTIMATE IN BANKING CIRCLES WAS THAT THE SUM IS IN THE NEIGHBORHOOD OF 500 MILLION DOLLARS.

OFFICIALS DOUBT WHETHER THE NEW REGULATIONS WILL MATERIALLY CHANGE TRADE RELATIONS WITH COMMUNIST STATES, BUT THEY SAID THAT UNLESS THERE ARE SPECIAL CIRCUMSTANCES NATIONALS OF COMMUNIST STATES QUALIFY FOR CONVERTIBILITY.

EXPANDED CONVERTIBILITY, SAID ONE OFFICIAL, IS MERELY ONE STEP TOWARD THE DISTANT GOAL OF "ONE WORLD OF TRADE AND PAYMENTS, A WORLD OF MANY-SIDED TRADE IN WHICH THE CONSUMER ANYWHERE GETS THE WIDEST POSSIBLE CHOICE OF COMMODITIES FOR HIS MONEY."

ASKED WHETHER THE MOVE, IN EFFECT, PUTS BRITAIN BACK ON THE GOLD STANDARD, ANOTHER OFFICIAL SAID:

"WE HAVE BEEN PRACTICALLY ON A GOLD STANDARD A LONG TIME, SINCE WE HAVE PEGGED THE VALUE OF THE POUND IN RELATION TO GOLD STANDARD CURRENCIES."

HERE WAS THE CURRENCY PICTURE IN OTHER COUNTRIES WHO JOINED THE CONVERTIBILITY RANKS:

THE WEST GERMAN GOVERNMENT DECLARED THE DEUTSCHE MARK FREELY CONVERTIBLE FOR FOREIGNERS AS OF MONDAY. PAYMENTS BETWEEN WEST GERMANY AND ANY OTHER FOREIGN NATION MAY BE MADE IN MARKS OR ANY OTHER KIND OF CURRENCY.

OSLO'S TRADE MINISTRY ANNOUNCED THAT BEGINNING MONDAY NORWAY WILL EXTEND THE CONVERTIBILITY OF NORWEGIAN KRONER FOR ALL COUNTRIES EXCEPT THOSE WITH WHICH NORWAY HAS BILATERAL PAYMENT AGREEMENTS.

THE CONVERTIBILITY OF BELGIAN AND LUXEMBOURG CURRENCY, ALREADY EFFECTIVE FOR NATIONALS FOR THOSE TWO COUNTRIES, WILL BE EXTENDED TO FOREIGN OWNERS OF THESE CURRENCIES.

THE SWEDISH GOVERNMENT ANNOUNCED ITS DECISION TO INTRODUCE FULL CONVERTIBILITY OF SWEDISH KRONER AGAINST U. S. DOLLARS FOR FOREIGN TRADE. THE STOCKHOLM DECISION DOES NOT AFFECT THE PRESENT RESTRICTIONS FOR PURE CAPITAL TRANSACTIONS.

THE ITALIAN COUNCIL OF MINISTERS ISSUED A DECREE MAKING ITALIAN LIRE MORE EASILY CONVERTIBLE WITH OTHER CURRENCIES. IT WILL ALSO TAKE EFFECT MONDAY, FROM WHICH TIME LIRE POSSESSED BY RESIDENTS OF COUNTRIES OUTSIDE THE DOLLAR BLOC CAN BE EXCHANGED FOR DOLLARS ON THE OFFICIAL ITALIAN MARKET.

THE DANISH GOVERNMENT MADE THE KRONER CONVERTIBLE WITH THE DOLLAR AS OF MONDAY. FOREIGN COUNTRIES HOLDING KRONER IN COMMERCIAL TRANSACTION CAN NOW EXCHANGE THEM FOR DOLLARS, WHILE DANISH BUSINESSMEN ARE STILL UNABLE TO DO SO SINCE THE DANISH CURRENCY LAWS STILL FORBID THE PURCHASE OF DOLLARS WITHOUT OFFICIAL PERMISSION.

IN AMSTERDAM, THE NETHERLANDS GOVERNMENT ANNOUNCED THAT GUILDERS HELD BY FOREIGNERS WILL BE MADE CONVERTIBLE INTO DOLLARS MONDAY.

JE620PES

A82

STERLING INTERPRETIVE (880)

BY PETER GROSE

LONDON, DEC. 27 (AP)--WHY THE FUSS ALL OVER THE WORLD ABOUT THE BRITISH POUND? ABOUT CONVERTIBILITY? AND ABOUT THE STERLING AREA? WHY SHOULD AN ISLAND LOCATED OFF THE COAST OF A MIGHTY CONTINENT BE ABLE TO SET THE WORLD'S FINANCIAL CAPITALS AFLAME WITH A SINGLE ANNOUNCEMENT?

BRITAIN IS WORLD POWER, BUT ONLY A SHADOW OF WHAT SHE WAS 100 YEARS AGO.

HER ECONOMY IS STRONG AND PRODUCTIVE-- BUT NOTHING COMPARED WITH

THE INDUSTRIAL GIANTS TO HER EAST AND WEST.

WHY SHOULD HER CURRENCY-- THE BILLS HER PEOPLE CARRY IN THEIR WALLETS-- DETERMINE THE ACTIONS OF FINANCIAL PRINCES IN THE FARTHEST CORNERS OF THE WORLD?

THE ANSWER LIES IN A FACT ABOUT INTERNATIONAL TRADE:

OVER ONE-HALF OF ALL THE WORLD'S PURCHASES ARE PAID FOR WITH THE BRITISH POUND STERLING.

THIS INCLUDES NOT ONLY BRITAIN'S OWN TRADE AND THAT OF HER COMMONWEALTH, BUT OTHER COUNTRIES OF THE WORLD-- ON BOTH SIDES OF THE IRON CURTAIN-- TRADING AMONG THEMSELVES.

THE POUND MAY BE-- AND OFTEN IS-- THE MEANS OF PAYMENT FOR TRANSACTIONS IN WHICH BRITAIN TAKES NO PART AT ALL.

SO ANY CHANGE IN THE VALUE OF THE POUND STERLING, OR ANY ACTION WHICH IS LIKELY TO MAKE PEOPLE MORE ANXIOUS TO HAVE POUNDS, WILL AFFECT MOST OF THE TRADE DEALS THROUGHOUT THE WORLD.

HOW DID IT HAPPEN THAT THE CURRENCY OF ONE COUNTRY-- ESPECIALLY THE 75TH SMALLEST COUNTRY IN THE WORLD-- SHOULD COME TO DOMINATE WORLD TRADE?

HISTORICAL REASONS: BRITAIN WAS A TRADING CENTER IN THE MIDDLE AGES. PIONEERING THE INDUSTRIAL REVOLUTION, SHE SPREAD HER CAPITAL ALL OVER THE WORLD SO THAT PEOPLE COULD BUY BRITISH MANUFACTURED GOODS-- PAYING FOR THEM IN STERLING, OF COURSE.

PRACTICAL REASONS: IN THE BIG TRADING DAYS OF THE 19TH CENTURY, THE POUND WAS CONVENIENT, LIKE A TRAVELER'S CHECK. IT WAS ACCEPTED ANYWHERE. IT WAS SAFE-- BRITAIN SUFFERED NO REVOLUTIONS DURING THE CENTURY. IT WAS BACKED BY "OFFICES" -- THE BRITISH EMPIRE COUNTRIES-- ALL OVER THE WORLD.

THE ESSENCE OF A STRONG INTERNATIONAL CURRENCY, LIKE A TRAVELER'S CHECK, IS THAT IT MUST BE FREELY EXCHANGEABLE FOR ANY OTHER FORM OF CURRENCY A PERSON MIGHT WANT-- OR AS ECONOMISTS SAY, FREELY CONVERTIBLE.

UNTIL 1939, THE POUND ALWAYS WAS FREELY CONVERTIBLE. IT REMAINED SO STRONG-- EVEN DURING THE HARD DAYS OF THE WORLD DEPRESSION AND THE COLLAPSE OF THE GOLD STANDARD-- THAT A NUMBER OF COUNTRIES OFFICIALLY RELIED ON IT AS A STANDARD FOR THE MEASUREMENT OF THEIR OWN CURRENCIES.

FOREIGN COUNTRIES KEPT LARGE BANK ACCOUNTS IN LONDON, AND DREW ON THEM WHEN THEY HAD TRADING BILLS TO PAY. THEY KNEW THE STERLING IN THEIR ACCOUNTS COULD BE EXCHANGED INTO ANY OTHER CURRENCY THEY WANTED TO USE.

IN 1939 GERMANY ATTACKED, AND ALL THE COUNTRIES OF EUROPE TIGHTENED THEIR MONEY BELTS AGAINST THE STRAIN OF FIGHTING A TOTAL WAR.

BRITAIN HAD TO ANNOUNCE THAT HER RESERVES OF OTHER CURRENCIES WERE NOT SUFFICIENT TO GUARANTEE THAT THE POUND COULD BE CONVERTED WITHOUT RESTRICTIONS. THE RESERVES SHE HAD SHE NEEDED TO BUY VITAL WAR SUPPLIES.

THE SO-CALLED STERLING AREA GREW OUT OF THIS WARTIME NEED. IT IS A GROUP OF COUNTRIES WHICH ACCEPTED THE POUND AS THE OFFICIAL MEASURE OF THEIR OWN CURRENCIES, EVEN THOUGH IT WAS NO LONGER STRONG ENOUGH TO BE FREELY CONVERTIBLE.

THE STERLING AREA IS NOW ACCEPTED AS A SEMI-PERMANENT FEATURE OF THE TRADING WORLD. IT WAS NEVER OUTLINED IN A FORMAL TREATY. MEMBERSHIP IS VOLUNTARY AND BY INFORMAL AGREEMENT.

AS OF TODAY, THE STERLING AREA INCLUDES ALL THE COMMONWEALTH COUNTRIES WITH THE IMPORTANT EXCEPTION OF CANADA, WHICH USES THE DOLLAR. IT ALSO INCLUDES THE BRITISH-PROTECTED STATES IN THE PERSIAN GULF, BURMA, ICELAND, IRAQ, THE IRISH REPUBLIC, JORDAN AND LIBYA. WITHIN THIS AREA THERE ARE NO EXCHANGE RESTRICTIONS. STERLING ONCE AGAIN BECAME A TRAVELER'S CHECK, BUT NOT THROUGHOUT THE WHOLE WORLD.

30.24- 5659

THE STERLING AREA WORKED WELL, BUT ECONOMISTS IN BRITAIN AND AMERICA HOPED THAT FULL CONVERTIBILITY FOR THE WHOLE WORLD COULD BE RE-ESTABLISHED AS SOON AS PEACE CAME.

A PLAN TO RE-ESTABLISH CONVERTIBILITY WAS ON THE FRONT PAGES OF NEWSPAPERS LATE IN 1945 AND 1946.

ON JULY 15, 1947, BRITAIN TRIED A LIMITED CONVERTIBILITY. THE EFFECT WAS DISASTROUS.

SO MANY PEOPLE IMMEDIATELY CHANGED THEIR POUNDS INTO DOLLARS-- THE STRONGEST CURRENCY AFTER THE WAR-- THAT THE MEAGER BRITISH GOLD AND DOLLAR RESERVES WERE STRAINED TO THE BREAKING POINT.

AUG. 20-- 37 DAYS LATER-- CONVERTIBILITY WAS SUSPENDED. IT HAD BEEN A RUINOUS FAILURE.

CIRCUMSTANCES HAVE CHANGED A GOOD DEAL SINCE 1947. BRITAIN IS NO LONGER A WAR-TORN NATION. HER RECOVERY, THOUGH NOT AS FAST AS HOPED, IS VIRTUALLY COMPLETE.

THE POUND HAS BEEN DEVALUED. IN 1949 THE GOVERNMENT DECIDED THAT THE RATE OF \$4.03 FOR ONE POUND WAS TOO HIGH-- THE POUND WAS NO LONGER WORTH THAT MUCH AMONG THE WORLD'S TRADERS.

SO, SEPT. 18, 1949, THE GOVERNMENT SAID THE POUND WAS NOW TO BE SOLD FOR \$2.80. THAT IS THE OFFICIAL RATE EVEN TODAY.

EUROPEAN ECONOMIC INSTITUTIONS HAVE GROWN IN THE PAST DECADE SO THAT THERE NOW IS A CONFIDENCE IN SOME EUROPEAN CURRENCIES THAT DID NOT EXIST IN 1947.

CONVERTIBILITY, EUROPEAN GOVERNMENTS THINK, NO LONGER NECESSARILY MEANS THAT EVERYONE WILL RUSH TO BUY THE DOLLAR. NOW PEOPLE SEEM JUST AS HAPPY WITH OTHER CURRENCIES, FOR THE FIRST TIME SINCE THE WAR.

THE POUND STERLING-- EVEN WITH TODAY'S LIMITED CONVERTIBILITY ANNOUNCEMENT-- IS STILL FAR FROM BEING THE INTERNATIONAL TRAVELER'S CHECK IT WAS IN THE LAST CENTURY.

THE STERLING AREA STILL EXISTS WITH RESTRICTIONS ON THE EXCHANGE OF MONEY BETWEEN STERLING AND DOLLAR COUNTRIES.

BRITISH RESIDENTS ARE STILL STRICTLY LIMITED ON THE NUMBER OF POUNDS THEY CAN TAKE OUT OF THE COUNTRY, OR THE FOREIGN CURRENCIES THEY CAN GET IN EXCHANGE FOR THEIR POUNDS.

TODAY'S ANNOUNCEMENT DID NOT CHANGE THIS.

BUT NOW THAT NON-BRITISH TRADERS CAN CONVERT FREELY THE POUNDS THEY HOLD, STERLING IS WELL-PLACED FOR BECOMING AN INTERNATIONAL CURRENCY AS IN THE OLD DAYS.

IF LIMITED CONVERTIBILITY IS SUCCESSFUL-- AND WE CAN HAVE SOME INDICATION OF THIS WITHIN THE NEXT MONTH-- THE WORLD OF INTERNATIONAL TRADE WILL BE ON ITS WAY TO ENJOYING A STABILITY IT HAS NOT KNOWN FOR HALF A CENTURY.

TU545PES

A139

(250)

ADVANCE FOR 1 P.M. TODAY

FIRST LEAD CURRENCY A112

(ADVANCE) COPENHAGEN, DENMARK, DEC. 27 (AP)--THE DANISH GOVERNMENT MADE THE FIRST MOVE TODAY IN WHAT APPEARED TO BE A GENERAL SHAKEUP OF THE CURRENCY IN WESTERN EUROPE.

THE GOVERNMENT ANNOUNCED THE KRONE WOULD BE MADE MORE EASILY CONVERTIBLE INTO DOLLARS EFFECTIVE MONDAY. IT SAID THE BRITISH GOVERNMENT MAKING THE SAME MOVE WITH THE POUND AT THAT TIME.

IN AMSTERDAM, THE NETHERLANDS GOVERNMENT FOLLOWED UP QUICKLY WITH AN ANNOUNCEMENT THAT GULDERS HELD BY FOREIGNERS WOULD BE MADE CONVERTIBLE INTO DOLLARS MONDAY.

THE IDEA BEHIND EASING CURRENCY EXCHANGE IS TO ENCOURAGE MORE TRADE AROUND THE WORLD. AT PRESENT MOST EUROPEAN GOVERNMENTS EXERCISE CONTROLS OVER THE AMOUNT OF THEIR MONEY THEY WILL PERMIT TO ESCAPE INTO DOLLARS AND OTHER HARD CASH.

THE DANISH ANNOUNCEMENT SAID THE GOVERNMENT WAS ACTING IN COOPERATION WITH MOST OTHER MEMBERS OF THE ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION (OEEC). THIS COMPRISES 17 WESTERN EUROPEAN NATIONS OUTSIDE THE SOVIET BLOC.

THE ANNOUNCEMENT FURTHER UNDERScoreD THE BROAD SCALE MOVEMENT IN EUROPE TO MAKE CURRENCY EXCHANGE EASIER BY CONFIRMING THE EUROPEAN PAYMENT UNION (EPU) WILL BE JUNKED.

THE EPU WAS SET UP IN 1953 AS A FINANCIAL CLEARING HOUSE FOR CONVERTING CURRENCY IN WESTERN EUROPEAN COUNTRIES.

IN ITS PLACE WILL BE THE EUROPEAN FUND AND MULTILATERAL CLEARING SYSTEM (EMA) WORKED OUT IN AUGUST OF 1955. IT WAS DESIGNED THEN TO BECOME EFFECTIVE WHEN CURRENCY REGULATIONS WERE RELAXED.

THE EMA PROVIDES FOR THE CREATION OF A EUROPEAN FUND FOR LIMITED SHORT-TERM CURRENCY CREDITS, THE ANNOUNCEMENT SAID. IT ALSO WILL ACT AS A CLEARING HOUSE FOR SETTLING TRADE BALANCES BETWEEN MEMBERS.

THE ANNOUNCEMENT SAID THE BRITISH POUND WOULD BE MORE EASILY CONVERTED WITH THE DOLLAR BEGINNING MONDAY.

"EVERYBODY WITH RESIDENCE OR PLACE OF BUSINESS OUTSIDE THE STERLING AREA CAN CHANGE STERLING FREELY TO DOLLARS AT THE RATE QUOTED IN LONDON," IT SAID.

THE ANNOUNCEMENT BY THE MINISTRY OF TRADE SAID THAT AFTER BEING INFORMED OF THIS MOVE--PRESUMABLY BY THE BRITISH GOVERNMENT--AND AFTER CONSULTATIONS WITH THE DANISH NATIONAL BANK, THE GOVERNMENT HAS APPROVED A CHANGE OF THE RULES OF TRADING WITH THE KRONE "ACCORDING TO SIMILAR PRINCIPLES."

THE PAR VALUE OF THE KRONE, AS ANNOUNCED TO THE INTERNATIONAL MONETARY FUND IN 1949, IS UNCHANGED. IT WAS ADDED. THIS RATE IS 6.90 3/4 TO THE DOLLAR AND 19.34 TO THE POUND.

"SIMILAR DECISIONS ARE EXPECTED TO BE MADE AT THE SAME TIME IN MOST OTHER O.E.E.C. COUNTRIES," THE ANNOUNCEMENT SAID.

THE ANNOUNCEMENT SAID THE DOLLAR EXCHANGE RATE IN THE FUTURE MAY FLUCTUATE BETWEEN 3/4 PER CENT ON BOTH SIDES OF THE PAR RATE. THIS MEANS THAT IT CAN BE BETWEEN 6.96 KRONE TO THE DOLLAR AT ITS HIGHEST, AND 6.86 TO THE DOLLAR AT ITS LOWEST.

TRADE MINISTRY OFFICIALS EXPLAINED THE MOVE THIS WAY: FOREIGN COUNTRIES HOLDING KRONER IN COMMERCIAL TRANSACTIONS CAN NOW EXCHANGE THEM FOR DOLLARS, WHILE DANISH BUSINESSMEN ARE STILL UNABLE TO DO SO SINCE DANISH CURRENCY LAWS STILL FORBIDDING THE PURCHASE OF DOLLARS WITHOUT OFFICIAL PERMISSION.

THE GOVERNMENT APPARENTLY WAS SATISFIED THAT THE MOVE WOULD NOT AFFECT THIS COUNTRY'S PAYMENTS BALANCE. THE HOLDINGS OF FOREIGN CURRENCIES IN THE NATIONAL BANK HAVE BEEN INCREASING STEADILY THROUGHOUT THIS YEAR AND RECENTLY PASSED THE BILLION KRONER MARK. A CONSIDERABLE PART OF THESE RESERVES ARE DOLLARS.

END ADVANCE FOR USE AT 1 P.M. EST TODAY.
TA1235PES

A10

-95-

ADVANCE FOR USE AT 1 P.M. EST TODAY

FIRST LEAD MARK (A134)

(ADVANCE)--BONN, GERMANY, DEC. 27 (AP)--THE WEST GERMAN GOVERNMENT TODAY DECLARED THE DEUTSCHE MARK FREELY CONVERTIBLE FOR FOREIGNERS BEGINNING MONDAY.

PAYMENTS BETWEEN WEST GERMANY AND ANY FOREIGN COUNTRY MAY BE MADE IN MARKS OR ANY OTHER KIND OF CURRENCY.
THE GOVERNMENT SAID THE PEGGING OF THE MARK WILL REMAIN UNCHANGED AT 4.19 TO THE U.S. DOLLAR. UNDER GERMAN LAW THE DOLLAR MAY FLUCTUATE BETWEEN 4.17 AND 4.23 MARKS.
A FINANCE MINISTRY SPOKESMAN SAID GERMANS COULD BUY AS MANY DOLLARS AS THEY WISHED.

THE BONN DECISION WAS REPORTED TAKEN IN CONJUNCTION WITH SOME OF THE 16 OTHER MEMBERS OF THE ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION (OEEC).

THE IDEA BEHIND THE MOVE WAS TO MAKE MOST EUROPEAN CURRENCIES MORE EASILY CONVERTIBLE WITH THE DOLLAR AS A STEP TOWARD FREEING TRADE AROUND THE WORLD.

THE WEST GERMAN MARK, ONE OF THE WORLD'S HARDEST CURRENCIES, IS PEGGED OFFICIALLY AT 23.8 U.S. CENTS.

KM1117AES

A51

OTTAWA, DEC. 27 (AP)—FINANCE MINISTER DONALD FLEMING SAID TODAY BRITAIN'S EASING OF RESTRICTIONS ON THE CONVERTIBILITY OF BRITAIN'S STERLING WILL START A CHAIN REACTION AND CONTRIBUTE SIGNIFICANTLY TO TRADE OPPORTUNITIES FOR CANADIAN EXPORTERS.

FLEMING SAID STERLING IS THE CURRENCY WHICH FINANCES THE TRADE NOT ONLY OF THE UNITED KINGDOM BUT ALSO OF ALL STERLING AREA COUNTRIES. THE MOVE TOWARD CONVERTIBILITY WOULD PROVIDE THOSE COUNTRIES WITH A FINANCIAL BASIS FOR FURTHER STEPS TO REMOVE DISCRIMINATION AGAINST CANADIAN EXPORTERS, HE ADDED.

ML302PES

B43 (Q)

WITH LONDON CURRENCY (250)

PARIS, DEC. 27 (AP)—A RUSH OF WEST EUROPEAN NATIONS TO MAKE THEIR CURRENCIES MORE READILY CONVERTIBLE AS A STIMULUS TO TRADE SCRAPPED A POSTWAR ARRANGEMENT FOR SETTLING TRADE DEBTS.

THE ORGANIZATION FOR EUROPEAN ECONOMIC COOPERATION (OEEC) ANNOUNCED TONIGHT THE EUROPEAN PAYMENTS UNION (EPU) CEASES TO EXIST AND THE EUROPEAN MONETARY AGREEMENT (EMA) TAKES ITS PLACE.

THE OEEC, COMPRISING 17 NON-COMMUNIST NATIONS OF EUROPE, SET UP THE EPU AS A MEANS OF SETTLING TRADE BALANCES AMONG THEMSELVES.

THE ESSENTIAL DIFFERENCE IS THAT UNDER EPU THE 17 MEMBER NATIONS COULD SETTLE TRADE DEBTS WITH 75 PER CENT PAYMENT AND 25 PER CENT AUTOMATIC CREDIT. UNDER EMA, THERE WILL BE NO AUTOMATIC CREDIT. ALL DEBTS MUST BE SETTLED.

ALL MEMBER STATES OF EPU WERE OBLIGED TO SETTLE THEIR TRADE DEBTS THROUGH THE EPU. UNDER THE NEW ARRANGEMENT, SETTLEMENTS MAY BE MADE BETWEEN THE NATIONS CONCERNED.

THE EMA PROVIDES FOR ESTABLISHMENT OF A EUROPEAN FUND, WITH A CAPITAL OF 600 MILLION DOLLARS. THE FUND WILL PROVIDE SHORT-TERM CREDIT TO NATIONS WITH UNFAVORABLE TRADE BALANCES.

ARRANGEMENT FOR THE SWITCH-OVER WAS MADE UNDER AN AGREEMENT SIGNED IN AUGUST, 1955, AND HELD IN READINESS.

UNDER THE AGREEMENT, THE CHANGEOVER COULD BE MADE WHEN A CONTROLLING NUMBER OF EPU MEMBERS SO DECIDED. THE DECISION WAS MADE BY BELGIUM, LUXEMBOURG, FRANCE, GERMANY, ITALY, HOLLAND AND BRITAIN WITH DENMARK, NORWAY AND SWEDEN CONCURRING.

PART OF THE 600 MILLION DOLLAR EUROPEAN FUND IS PROVIDED BY TRANSFERRING TO IT THE 271 MILLION DOLLARS ORIGINALLY CONTRIBUTED BY THE UNITED STATES TO EPU. THE UNITED STATES MAKES NO NEW CONTRIBUTION TO THE FUND. THE REMAINDER WILL BE PROVIDED BY THE MEMBERS OF OEEC.

JB732PES

A109WX

(700) NIGHT LEAD U.S.-CURRENCIES

BY STERLING F. GREEN

WASHINGTON, DEC. 27 (AP)—THE SHAKEUP OF EUROPEAN CURRENCIES ANNOUNCED TODAY IS NOT LIKELY TO HAVE ANY NOTICEABLE IMPACT ON THE AVERAGE AMERICAN, AT LEAST FOR THE TIME BEING.

IN TIME, IF THE SHAKEUP ACHIEVES ITS GOALS, THE EFFECT MAY BE FELT BY AMERICAN BUSINESSMEN IN THE FORM OF INCREASED ORDERS AND BY U.S. WORKERS IN GREATER EMPLOYMENT OPPORTUNITY AND GENERAL PROSPERITY.

THE MOVE WAS WELCOMED BY OFFICIAL WASHINGTON. THE STATE DEPARTMENT CALLED IT A "SUBSTANTIAL FORWARD MOVE." PER JACOBSSON, MANAGING DIRECTOR OF THE INTERNATIONAL MONETARY FUND, SAID "IT WILL HELP IN THE INTERNATIONAL EXCHANGE OF GOODS AND SERVICES."

"THIS IS A BIG MOVE," JACOBSSON SAID, "IN THE ESTABLISHMENT OF AN EFFECTIVELY FUNCTIONING INTERNATIONAL MONETARY SYSTEM."

THE STATE DEPARTMENT ALSO SAW IN THE MOVES BY WESTERN EUROPEAN COUNTRIES PROGRESS TOWARD ENDING RESTRICTIONS ON INTERNATIONAL TRADE. THE DEPARTMENT SAID THE ACTIONS ALSO ARE EVIDENCE OF WEST EUROPE'S HEALTHIER ECONOMIC POSITION.

FRANK SOUTHARD, U.S. REPRESENTATIVE ON THE 12-MEMBER BOARD OF EXECUTIVE DIRECTORS OF THE INTERNATIONAL MONETARY FUND, TOLD A REPORTER:

"WE CONSIDER THESE STEPS VERY USEFUL, FORWARD-MOVING AND ENCOURAGING."

THE SWEEPING CHANGES INCLUDED DEVALUATION OF THE FRENCH FRANC, AND A LARGE-SCALE EASING OF RESTRICTIONS ON CONVERTIBILITY OF THE CURRENCIES OF GREAT BRITAIN, WEST GERMANY, ITALY, THE SCANDINAVIAN AND OTHER COUNTRIES.

SOUTHARD ALSO CALLED ATTENTION TO THE PROGRESSIVE REMOVAL OF RESTRICTIONS ON IMPORTS FROM THIS COUNTRY WHICH HAD BEEN IMPOSED BY EUROPEAN NATIONS TRYING TO CONSERVE THEIR RESERVES OF DOLLARS.

BRITAIN HAS ANNOUNCED A PROGRAM OF PROGRESSIVELY EASING SUCH LICENSING OF IMPORTS THROUGH 1959, SOUTHARD SAID, AND IS NOW WELL STARTED IN THAT DIRECTION. FRANCE ALSO IS EXPECTED TO TAKE ACTION IN THAT DIRECTION, HE ADDED.

U.S. OFFICIALS ALL EMPHASIZED THAT THE NEW CONVERTIBILITY PROVISIONS AFFECT ONLY NON-RESIDENTS OF THE COUNTRIES CONCERNED. ENGLISHMEN, FOR EXAMPLE, STILL WILL BE UNDER RESTRAINTS AS TO THE AMOUNT OF DOLLARS THEY CAN PURCHASE WITH POUNDS AND THE PURPOSES FOR WHICH THEY CAN SPEND THE DOLLARS.

THE CURRENCY MOVES, THEREFORE, HAVE LITTLE DIRECT IMPACT ON THE AVERAGE MAN EITHER IN THIS COUNTRY OR EUROPE, OFFICIALS HERE SAID. BUT THE MOVES HERALD EXPANDING OPPORTUNITIES FOR AMERICAN PRODUCERS AND EXPORTERS FOR TWO REASONS:

FIRST, COUNTRIES WHICH HOLD FRANCS, POUNDS OR OTHER EUROPEAN CURRENCIES MAY NOW EXCHANGE THEM FREELY FOR DOLLARS WITHOUT PAYING A DISCOUNT. THOSE WHO WISH TO BUY AMERICAN GOODS NO LONGER NEED PAY A PENALTY IN ORDER TO OBTAIN THE DOLLARS TO DO BUSINESS WITH THIS COUNTRY.

SECOND, THE PROGRESSIVE ELIMINATION OF RESTRICTIONS ON PURCHASES FROM THE UNITED STATES WILL ENCOURAGE BUSINESSMEN AND INDIVIDUALS TO ORDER AMERICAN GOODS WHICH FORMERLY WERE EXCLUDED OR RESTRICTED BECAUSE OF THE UNAVAILABILITY OF DOLLARS.

GOVERNMENT OFFICIALS WERE PARTICULARLY IMPRESSED BY WHAT ONE OF THEM CALLED "THE DRAMATIC AND UNLOOKED FOR IMPROVEMENTS" IN FRANCE'S FINANCIAL SITUATION, AS INDICATED BY ITS STEP TOWARD CURRENCY CONVERTIBILITY. SUCH A MOVE WOULD HAVE BEEN CONSIDERED UTTERLY IMPOSSIBLE BEFORE THE DE GAULLE GOVERNMENT TOOK OVER, THIS SOURCE SAID.

1956

THE INTERNATIONAL MONETARY FUND DIRECTORS ISSUED A STATEMENT HAILING THE MOVES AS "A REMARKABLE COOPERATIVE EFFORT" AND ADDING: "THE FUND WELCOMES THESE MONETARY MEASURES AS REPRESENTING A MAJOR STEP TOWARD THE ESTABLISHMENT OF A TRULY MULTILATERAL SYSTEM OF PAYMENTS IN ACCORDANCE WITH THE OBJECTIVES OF THE FUND."

"THE MEASURES NOW TAKEN," THE FUND STATEMENT CONTINUED, "REPRESENT A CONSOLIDATION OF THE PROGRESS ACHIEVED SINCE THE WAR AND SHOULD PROVIDE THE BASIS FOR FURTHER PROGRESS NOT ONLY IN EUROPE BUT ALSO IN RELATION TO OTHER AREAS."

THE FUND ALSO HAILED THE ADDITIONAL MEASURES TAKEN BY FRANCE AS LIKELY "TO HELP RESTORE AND MAINTAIN THE COMPETITIVENESS OF FRENCH PRODUCTS AND CONTRIBUTE GREATLY TO THE ESTABLISHMENT OF A SOUND BALANCE-OF-PAYMENT POSITION."

THERE WAS GENERAL CONFIDENCE HERE THAT ALL THE EUROPEAN COUNTRIES AFFECTED WOULD BE ABLE TO MAKE CONVERTIBILITY STICK.

OFFICIALS RECALLED THAT BRITAIN RAN INTO SERIOUS DIFFICULTY 11 YEARS AGO WHEN IT MADE A SIMILAR ATTEMPT. HOLDERS OF STERLING AROUND THE WORLD RUSHED TO CONVERT THE POUNDS INTO DOLLARS WITH A RESULTANT SEVERE DEPLETION OF BRITAIN'S GOLD AND DOLLAR RESERVES.

AMERICAN OFFICIALS SAID THE EUROPEAN COUNTRIES, INCLUDING BRITAIN, NOW HAVE BUILT UP STRONG GOLD AND DOLLAR RESERVES AND HAVE ENLARGED THEIR DOLLAR-EARNING CAPACITY MARKEDLY.

U.S. FINANCIAL EXPERTS SAID THE POUND IS NOW STRONGER THAN IT HAS BEEN SINCE WORLD WAR II. THE FACT THAT OTHER NATIONS HAVE JOINED IN MAKING THEIR CURRENCIES CONVERTIBLE WILL HELP TO ASSURE THAT NO SINGLE CURRENCY IS PLACED UNDER SEVERE STRAIN.

CZ715PES

(330)A119
BY GUSTAV SVENSSON

MOSCOW, DEC. 27 (AP)-THE NEW SOVIET CRIMINAL CODE INCLUDES SOME PROVISIONS BRINGING IT CLOSER TO WESTERN JUSTICE BUT RETAINS AND EVEN SHARPENS SOME LAWS LONG ON THE STATUTE BOOKS.

THIS EMERGED TODAY FROM AN ANALYSIS OF THE CODE, ADOPTED BY THE SUPREME SOVIET (PARLIAMENT) THURSDAY AND PUBLISHED IN FULL FOR THE FIRST TIME YESTERDAY.

SOME HERE REGARD AS A WESTERN TREND OMISSION FROM THE NEW LAWS OF ANY SPECIFIC MENTION OF PUNISHMENT FOR RELATIVES WHO FAIL TO DENOUNCE TRAITOROUS KINSMEN TO AUTHORITIES.

THE OLD CODE PROVIDED THAT SUCH RELATIVES MIGHT BE DEPORTED TO DISTANT PARTS OF SIBERIA FOR FIVE YEARS.

THE SUPREME SOVIET IGNORED EARLIER SUGGESTIONS BY SOME SOVIET LAWYERS FOR A PROVISION BASIC IN WESTERN LAW--THAT A PERSON IS INNOCENT UNTIL PROVED GUILTY. THIS IDEA WAS DENOUNCED DURING DEBATE AS "BOURGEOIS LEGAL THEORY."

SUPREME COURT PRESIDENT ALEXANDER GORKIN WAS QUOTED THURSDAY AS TELLING PARLIAMENT THE NEW CODE PLACED THE BURDEN OF PROOF ON THE PROSECUTION INSTEAD OF THE DEFENDANT.

ACTUALLY, THE CODE PHRASES IT THIS WAY: "NEITHER THE COURT PROSECUTOR NOR THE PERSON CONDUCTING THE INQUEST HAS THE RIGHT TO SHIFT THE BURDEN OF PROOF ON THE ACCUSED."

THE CODE FORBIDS OBTAINING EVIDENCE "BY FORCE, THREATS AND OTHER UNLAWFUL MEANS."

THE NEW CODE DOES NOT MENTION THE OLD THEORY ADVANCED BY THE LATE ANDREI VISHINSKY--WHO WON FAME AS A PROSECUTOR IN PURGE TRIALS--THAT A CONFESSION IS SUFFICIENT PROOF OF GUILT.

THE CODE PERMITS DEFENSE COUNSEL FOR A DEFENDANT FROM THE DAY THE ACCUSED IS INFORMED THE PRELIMINARY INVESTIGATION AGAINST HIM IS COMPLETED.

THE SOVIET PENAL CODE RETAINS SUCH FEATURES AS:

THE MAKING OF WAR PROPAGANDA IS A CRIME. (THE ASSOCIATED PRESS IN NEW YORK IN PROCE1;08.& :9'::: /;/:

30.24- 5661

THE MAKING OF WAR PROPAGANDA IS A CRIME. (THE ASSOCIATED PRESS IN NEW YORK IN PROCESSING MOSCOW DISPATCHES THURSDAY ERRONEOUSLY CALLED THIS A NEW PROVISION.)

THE POSSESSION OF LITERATURE CALLING FOR OVERTHROW OF THE SOVIET REGIME "IS AN ESPECIALLY DANGEROUS STATE CRIME."

STATE CRIMES AGAINST ANOTHER WORKER'S (COMMUNIST) STATE IS PUNISHABLE BY SENTENCES RANGING FROM BRIEF IMPRISONMENT TO DEATH.

THIS SAME WIDE RANGE OF PUNISHMENT IS PROVIDED FOR THOSE "WHO ESCAPE ABROAD AND REFUSE TO RETURN FROM ABROAD TO THE SOVIET UNION."

QR958AES

A96

KHARTOUM, SUNDAY, DEC. 27 (AP)-U.N. SECRETARY GENERAL DAG HAMMARSKJOLD IS MAKING AN OFFICIAL TWO-DAY VISIT TO SUDAN.

HAMMARSKJOLD FLEW IN LAST NIGHT FROM GAZA AND WILL FLY ON TO ADDIS ABABA, ETHIOPIA. THERE HE WILL ATTEND THE FIRST SESSION OF THE AFRICAN ECONOMIC COMMITTEE, A U.N. SUBSIDIARY.

G802AES

A128

(300)

BY ANTOINE YARED

CAIRO, DEC. 27 (AP)-THE SOVIET UNION AND THE UNITED ARAB REPUBLIC TODAY SIGNED THE AGREEMENT FOR IMPLEMENTING THE FIRST STAGE OF THE ASWAN HIGH DAM.

THE AGREEMENT CALLS FOR THE SOVIET UNION TO LEND THE U.A.R. 400 HUNDRED MILLION RUBLES (OFFICIALLY EQUAL TO 100 MILLION DOLLARS) FOR MATERIAL AND TECHNICAL ASSISTANCE IN THE FIRST FOUR-YEAR PHASE OF THE PROJECT.

U.S. WITHDRAWAL OF SUPPORT FOR THE DAM PROJECT IN 1956 WAS FOLLOWED BY NATIONALIZATION OF THE SUEZ CANAL BY U.A.R. PRESIDENT NASSER WHO SAID THEN HE INTENDED TO USE CANAL RECEIPTS TO FINANCE BUILDING THE DAM.

FIELD MARSHAL ABDEL HAKIM AMER, U.A.R. VICE PRESIDENT AND CHAIRMAN OF THE COMMITTEE FOR THE HIGH DAM, SIGNED FOR THE U.A.R.

PETER NIKITINE, DEPUTY CHAIRMAN OF THE SOVIET CABINET'S COMMITTEE FOR FOREIGN ECONOMIC RELATIONS, SIGNED FOR THE SOVIET UNION, ALONG WITH E.D. KISSELEV, SOVIET AMBASSADOR.

A MISSION HEADED BY NIKITINE SPENT TWO MONTHS STUDYING THE PROJECT INCLUDING A TRIP TO THE SITE AT ASWAN.

AMER NEGOTIATED THE 400-MILLION-RUBLE LOAN DURING A TRIP TO MOSCOW IN OCTOBER. IT IS TO BE REPAID IN U.A.R. COMMODITIES, A JOINT COMMUNIQUE SAID.

THE TEXT OF THE AGREEMENT SAID THE TERMS OF PAYMENT CALL FOR INTEREST OF 2 1/2 PER CENT AND THE LOAN REPAYABLE IN 12 ANNUAL INSTALLMENTS BEGINNING IN 1964.

THE PACT STIPULATES THAT RUBLES SHALL BE CALCULATED ON THE BASIS OF GOLD VALUE "ON THE DAY OF REPAYMENT."

PAYMENTS MADE BY EGYPT WILL BE USED BY THE SOVIET UNION FOR THE PURCHASE OF GOODS IN THE EGYPTIAN REGION OF THE U.A.R. "IN ACCORDANCE WITH THE TRADE AND PAYMENT AGREEMENT BETWEEN THE TWO COUNTRIES."

PRICES OF SOVIET EQUIPMENT AND MACHINERY WILL BE FIXED ON THE BASIS OF WORLD MARKET PRICES. THE EQUIPMENT WILL BE TRANSPORTED "ON THE BASIS OF THE SHIPPING AGREEMENT CONCLUDED BETWEEN THE TWO COUNTRIES."

THE FIRST STAGE OF THE DAM INVOLVES BUILDING A COFFERDAM AND IRRIGATION TUNNELS.

THE FINAL STAGE OF THE DAM WILL INVOLVE BUILDING A HYDROELECTRIC SYSTEM AS WELL AS A MASSIVE STONE DAM AND CREATION OF THE LARGEST MANMADE LAKE IN THE WORLD.
WORK ON THE PROJECT IS EXPECTED TO BEGIN IN THE AUTUMN OF 1959.
KL829PES

A139
DAMASCUS, SYRIA, DEC. 27 (AP)-DAMASCUS UNIVERSITY STUDENTS TODAY DEMONSTRATED IN SUPPORT OF PRESIDENT NASSER'S RECENT ATTACK ON THE SYRIAN COMMUNIST PARTY ACCUSING IT OF ATTEMPTING TO SABOTAGE THE UNITED ARAB REPUBLIC.

SHOUTING PRO-NASSER AND PRO-ARAB SLOGANS, THE DEMONSTRATORS WIELDED PLACARDS BEARING PHRASES OF NASSER'S RECENT SPEECH LABELLING THE SYRIAN COMMUNIST PARTY "THE ENEMY OF ARAB UNITY."

THE GENERAL FEDERATION OF SYRIAN WORKERS ALSO CABLED SUPPORT TO NASSER'S DENOUNCEMENT OF COMMUNIST PARTY ACTIVITIES IN THE REGION.
DF853PES

A141
DAMASCUS, SYRIA, DEC. 27 (AP)-A JORDAN DIPLOMAT IN WEST GERMANY FLEW HERE FROM BONN TODAY AND ASKED POLITICAL ASYLUM IN THE UNITED ARAB REPUBLIC, THE MIDEAST NEWS AGENCY SAID.

BURHAN JAYOUSSI, SECRETARY OF THE JORDAN LEGATION IN BONN, HAD BEEN FIRED AND ORDERED BY HIS GOVERNMENT TO RETURN HOME SHORTLY BEFORE HE MADE HIS FLIGHT WITH HIS WIFE AND CHILDREN, THE AGENCY ADDED. IT DID NOT SAY WHETHER HIS ASYLUM REQUEST WAS APPROVED OR WHY JAYOUSSI WAS DISMISSED FROM JORDANIAN FOREIGN SERVICE.
KL856PES

A40
BOGOR, INDONESIA, DEC. 27 (AP)-PRESIDENT TITO OF YUGOSLAVIA BEGAN OFFICIAL TALKS TODAY WITH PRESIDENT SUKARNO OF INDONESIA WHILE A TROPICAL RAINSTORM RAGED OUTSIDE THE PRESIDENTIAL PALACE HERE. THE TALKS ARE EXPECTED TO END IN BALI WEDNESDAY WITH A JOINT STATEMENT OPPOSING NUCLEAR WEAPONS TESTS, DEMANDING DISARMAMENT AND ANNOUNCING ECONOMIC COOPERATION BETWEEN THE TWO NATIONS. TITO PROBABLY WILL SAIL FOR HOME THURSDAY, STOPPING FIRST IN BURMA ON HIS TOUR OF SEVEN NATIONS.
WH427AES

A142
JAKARTA, INDONESIA, DEC. 27 (AP)-YUGOSLAV PRESIDENT TITO ENDED HIS STATE VISIT TO JAVA TODAY NOTING THAT HE HAD NOT SEEN ONE GLOOMY FACE AMONG THE THOUSANDS WHO WELCOMED HIM TO INDONESIA'S CENTRAL ISLE. THE YUGOSLAV LEADER SAILS EARLY TOMORROW FOR BALI WHERE HE WILL WIND UP HIS INDONESIAN VISIT JAN. 1, AND GO ON TO BURMA. HE INVITED PREMIER DJUANDA AND OTHER INDONESIAN LEADERS TO BOARD HIS FLAGSHIP GALEB TO CONTINUE THEIR POLICY TALKS.
KL858PES

A37
TAIPEI, FORMOSA, DEC. 27 (AP)-THE CHINESE COMMUNISTS RESUMED SHELLING THE NATIONALIST-HELD QUEMOY ISLANDS EARLY TODAY AFTER MORE THAN 35 HOURS OF SILENCE. ACCORDING TO THE REDS' TIMETABLE THE QUEMOYS ARE SHELLED ON ODD-NUMBERED DAYS ONLY. BUT AFTER FIRING 46 ROUNDS CHRISTMAS MORNING, THEY ANNOUNCED A CEASE-FIRE BECAUSE OF THE HOLIDAY. RED GUNS REMAINED SILENT YESTERDAY, AN EVEN DAY. THE NATIONALIST DEFENSE MINISTRY REPORTED THE FIRST SHELL LANDED AT 1 A.M. TODAY AND 61 MORE ROUNDS FELL UP TO 11:35 A.M.
WH416AES

A161

(200)
TAIPEI, SUNDAY, DEC. 28 (AP)-AN OFFICIAL NATIONALIST CHINESE NEWS AGENCY REPORTED TODAY THAT AN ANTI-COMMUNIST REVOLT HAD BROKEN OUT IN THE SOUTH CHINA PROVINCE OF KWANGSI AND SAID IT WAS SPREADING OVER A WIDE AREA.

THE TATAO NEWS AGENCY, OPERATED BY THE JUDICIAL YUAN (COUNCIL), CLAIMED THE REPORT WAS RELIABLE, BUT THERE WAS NO WAY OF CONFIRMING IT.

TATAO SAID THE REVOLT BROKE OUT ABOUT TWO WEEKS AGO IN AREAS NEAR KWEILIN, CAPITAL OF KWANGSI, WHICH IS IN THE SOUTHWESTERN PART OF CHINA.

IT SAID THE UPRISING DEVELOPED FROM HUNGER PROTESTS AND THAT COMMUNIST MILITIAMEN AND CIVILIANS HAD BANDED TOGETHER TO FIGHT COMMUNIST TROOPS.

THE AGENCY REPORTED CLASHES HAD OCCURRED IN SEVERAL COUNTIES OF THE PROVINCE, ADDING THAT IN ONE COUNTY ALONE THE REBELS HAD INFLICTED MORE THAN 300 CASUALTIES ON THE COMMUNISTS AND SUFFERED MORE THAN 1,000 THEMSELVES.

THE REPORT SAID THE REBELS BURNED DOWN THE RAILROAD STATION IN THE CITY OF YUNGFU AND DESTROYED RAILROAD TRACKS AND BRIDGES IN THE AREA.

THE JUDICIAL YUAN, FOR WHICH TATAO DISTRIBUTES NEWS, HAS AN INTELLIGENCE GATHERING SECTION WHICH PRESUMABLY SUPPLIED THE INFORMATION FOR THE REPORT ON THE REVOLT.

FV231AES

A113WX

(250) NIGHT LEAD B58

WASHINGTON, DEC. 27 (AP)-THE AIR FORCE ANNOUNCED TONIGHT IT HAS ORDERED 36 MORE B58 SUPERSONIC JET BOMBERS. THIS REPRESENTS A CUT-BACK FROM THE ORIGINAL PLAN TO BUY 47 OF THE PLANES DURING THE PRESENT FISCAL YEAR ENDING NEXT JUNE 30.

THE EXPLANATION GIVEN WAS THAT REVISED COST ESTIMATES, INCLUDING INCREASED COSTS OF MATERIALS AND LABOR, AND CHANGES IN THE HIGH SPEED JET BOMBER TO PROVIDE GREATER COMBAT CAPABILITIES, HAD COMPELLED THE REDUCTION IN THIS YEAR'S PROCUREMENT PROGRAM.

AIR FORCE OFFICIALS ESTIMATE THAT EACH B58 COSTS ABOUT 17 MILLION DOLLARS UNDER PRESENT PRODUCTION SCHEDULES. THE BOMBERS ARE BUILT BY CONVAIR DIVISION OF GENERAL DYNAMICS CORP.

EARLIER THIS YEAR THERE WERE REPORTS THAT THE GENERAL ECONOMY MOVE MIGHT RESULT IN ENDING THE B58 PROGRAM UPON COMPLETION OF THE INITIAL ORDER FOR 30 OF THE MEDIUM BOMBERS. HOWEVER, THE DEFENSE DEPARTMENT AND THE AIR FORCE NOW HAVE DECIDED TO GO AHEAD WITH THE PROGRAM ON A REDUCED PRODUCTION BASIS.

THE ORDER FOR 36 MORE PLANES, GIVEN TO CONVAIR, WILL PROVIDE A TOTAL OF 66 (CORRECT) AIRCRAFT--ENOUGH TO FORM A 45-PLANE WING, PLUS SPARES AND THE TEST AIRCRAFT ALREADY PRODUCED.

THE NEW FISCAL 1960 BUDGET, NOW READY FOR CONGRESS, IS REPORTED TO CONTAIN A REQUEST FOR FUNDS TO BRING THE OVER-ALL TOTAL OF B58S TO SLIGHTLY OVER 100.

THE NEXT BUDGET ALSO IS EXPECTED TO PROVIDE FOR APPROXIMATELY 100 MORE B52 LONG-RANGE, HEAVY BOMBERS. BOEING AIRPLANE CO. ALREADY HAS BUILT OR HAS ORDERS TO BUILD ABOUT 640 B52S.
JC730PES

A73WX

(270) MISSILES-CASE

WASHINGTON, DEC. 28 (AP)-SEN. FRANCIS CASE (R-SD) SAID TODAY THE UNITED STATES HAS AN OPERATIONAL MISSILE ABLE TO DELIVER NUCLEAR DESTRUCTION ON MOSCOW FROM ENGLAND OR OTHER EUROPEAN BASES. CASE, A MEMBER OF THE SENATE ARMED SERVICES COMMITTEE, SAID HE WATCHED THE FIRST OPERATIONAL TEST OF THE THOR INTERMEDIATE RANGE

MISSILE RECENTLY AT THE NEW TESTING CENTER AT VANDENBERG AIR FORCE BASE IN CALIFORNIA.

"THIS WAS THE FIRST LAUNCHING ANYWHERE BY A MILITARY CREW AS CONTRASTED WITH A TEAM OF SCIENTISTS," THE SENATOR SAID IN A STATEMENT. "THIS DEMONSTRATED THAT THE THOR NOW CAN BE TURNED OVER TO TRAINED CREWS BASED IN ENGLAND, FOR EXAMPLE, WITH A RANGE THAT WOULD COVER MOSCOW."

"BOTH FEAR AND CONFIDENCE WILL FOLLOW," HE SAID. "SOME COUNTRIES WILL FEAR TO HAVE SUCH BASES LEST THAT MAKES THEM TARGETS; OTHERS WILL BE EAGER FOR WEAPONS OF SUCH POTENCY."

"SOBER SECOND THOUGHT EVERYWHERE WILL HOPE THAT NO POWER TO TRIGGER A NUCLEAR WAR IS PLACED IN THE HANDS OF ANY IRRESPONSIBLE PERSONS." CASE, AFTER AN INSPECTION VISIT TO A NUMBER OF FAR WEST BASES, REPORTED GOOD PROGRESS ON CONSTRUCTION AT WARREN, WYO., AIR FORCE BASE OF THE SITE FOR LAUNCHING LONG-RANGE ATLAS INTERCONTINENTAL BALLISTIC MISSILES.

"MANY TECHNICAL PROBLEMS HAVE BEEN LICKED," THE SENATOR SAID. "OPERATIONAL SCHEDULES HAVE BEEN SHORTENED. NEW IDEAS ARE SPROUTING EVERYWHERE."

CASE PRAISED SECRETARY OF DEFENSE MCELROY FOR CUTTING BACK SOME MISSILE PROGRAMS AND CLOSING SOME OLD MILITARY INSTALLATIONS.

"SOME CANCELLATIONS AND CUTBACKS ARE INEVITABLE," THE SENATOR SAID. "IF UNCLE SAM IS NOT TO GO COMPLETELY BROKE BUYING GADGETS THAT WILL BECOME OBSOLETE BEFORE ORDERS ARE FILLED."

66446PES
A65WA
(300) AMS BUDGET
NIGHT LEAD MIKOYAN
BY WARREN ROGERS JR.

WASHINGTON, DEC. 27 (AP)-THE STATE DEPARTMENT TRIED POLITELY TODAY TO FIND OUT WHAT SOVIET DEPUTY PREMIER ANASTAS I. MIKOYAN WANTS TO DO ON HIS U. S. VISIT NEXT MONTH.

APPARENTLY, IT DIDN'T GET VERY FAR.

DEPUTY UNDERSECRETARY OF STATE ROBERT MURPHY CALLED SOVIET AMBASSADOR MIKHAIL MENSHIKOV TO HIS OFFICE. THEY CONFERRED FOR ABOUT 50 MINUTES.

AFTERWARD, ALL EITHER OF THEM WOULD SAY WAS THAT THEY HAD DISCUSSED ROUTINE MATTERS, INCLUDING THE EXPECTED VISIT OF MIKOYAN SOME TIME IN EARLY JANUARY.

NEWSMEN BRACED MENSHIKOV WITH MANY QUESTIONS--WHEN WOULD MIKOYAN ARRIVE? WHOM WOULD HE SEE? WHERE WOULD HE GO?

TO ALL QUESTIONS, THE EVER-SMILING MENSHIKOV RESPONDED WITH LITTLE MORE THAN A FRIENDLY LAUGH.

"I WISH I KNEW," HE SAID. "WHO KNOWS WHAT MATTERS HE WILL TAKE UP? I DON'T KNOW YET...AS HIS HOST, I HOPE HE WILL TRAVEL AROUND THE COUNTRY. I DON'T KNOW WHERE, AS YET...I DON'T KNOW YET WHETHER HE WILL SEE PRESIDENT EISENHOWER."

MIKOYAN, SECOND IN KREMLIN POWER ONLY TO SOVIET PREMIER NIKITA KHRUSHCHEV, HAS BEEN ISSUED A DIPLOMATIC VISITOR'S VISA GOOD FOR TWO MONTHS. ALL HE SAID WAS THAT HE WANTED TO VISIT MENSHIKOV FOR TWO WEEKS.

THE STATE DEPARTMENT HAS SAID SECRETARY DULLES AND OTHER U. S. OFFICIALS, PRESUMABLY INCLUDING PRESIDENT EISENHOWER, WOULD BE AVAILABLE FOR TALKS WITH MIKOYAN.

MENSHIKOV'S SUMMONS APPARENTLY WAS DESIGNED TO SEEK A LITTLE INFORMATION ON WHAT IS ON MIKOYAN'S MIND. U. S. OFFICIALS EMPHASIZE THEY ARE NOT PRESSING THE KREMLIN FOR SUCH INFORMATION, BUT THEY ARE INTERESTED. MENSHIKOV'S ATTITUDE IN HIS TALK WITH MURPHY WAS REPORTED TO HAVE BEEN NONCOMMITAL.

MURPHY IS THE RANKING OFFICIAL OF THE DEPARTMENT IN THE CAPITAL OVER THE LONG HOLIDAY WEEKEND.

LT408PES

30.24- 5663

126

ADVANCE FOR 6:30 P.M. EST TODAY (330)

(ADVANCE) NEW YORK, DEC 27 (AP)-A NEW, FASTER SYSTEM FOR LAUNCHING THE ATLAS INTERCONTINENTAL BALLISTIC MISSILE WAS DISCLOSED TODAY.

THE RADIO CORP. OF AMERICA SAID IT HAS DEVELOPED AN ELECTRONIC CHECKOUT AND LAUNCHING SYSTEM THAT WILL MAKE THE MISSILE READY FOR FIRING ALMOST IMMEDIATELY AFTER A WARNING OF IMPENDING ENEMY ATTACK.

ARTHUR L. MALCARNEY, EXECUTIVE VICE PRESIDENT OF RCA DEFENSE ELECTRONICS PRODUCTS, SAID:

"THE NEW SYSTEM IS DESIGNED TO REDUCE SUBSTANTIALLY THE 'COUNTDOWN' PERIOD FOR LAUNCHING THE MISSILE FROM THE 10 TO 15 HOURS NOW REQUIRED UNDER DEVELOPMENTAL OR EXPERIMENTAL CONDITIONS."

FIRST OF THE NEW SYSTEMS IS BEING INSTALLED AT VANDENBERG AIR FORCE BASE NEAR LOS ANGELES. OTHER LAUNCHING SITES EVENTUALLY WILL BE EQUIPPED WITH THE NEW SYSTEM, RCA SAID.

MALCARNEY SAID THE SYSTEM USES A DIGITAL COMPUTER TECHNIQUE TO DETERMINE RAPIDLY WHETHER A MISSILE IS READY TO GO. IF ANY PARTS NEED ATTENTION, HE SAID, THE CHECKOUT SEQUENCE SPOTS THEM QUICKLY.

IN THE PROCEDURE, THE WHOLE COUNTDOWN OPERATION IS CONTROLLED FROM A PUSH-BUTTON CONSOLE. PUSHING ONE BUTTON STARTS A PARTICULAR PART OF THE MISSILE. DIFFERENT COLORED LIGHTS INDICATE WHETHER THE PAT IS PERFORMING WELL ENOUGH FOR THE NEXT PART TO BE STARTED.

SAFETY CIRCUITS PREVENT MOVING FROM ONE STEP TO THE NEXT, UNTIL THE PREVIOUS ONE IS IN ORDER. FOR INSTANCE, ENGINES CAN'T BE STARTED UNTIL FUEL TANKS ARE COMPLETELY FILLED.

MALCARNEY SAID SPEED IN THE PROCESS IS AN IMPORTANT FACTOR IN DEFENSE SINCE "ICBM BASES ARE TOO BIG TO BE KEPT SECRET, AND THEIR POTENTIAL RETALIATORY POWER MAKES THEM PRIME TARGETS FOR AN ENEMY'S OWN ICBM'S."

"THEREFORE OUR MISSILE CREWS MUST BE ABLE TO LAUNCH A MAXIMUM NUMBER OF MISSILES IN A SHORT TIME."

RCA IS PRODUCING THE NEW SYSTEM AT ITS MISSILE AND SURFACE RADAR DEPARTMENT PLANT IN MOORESTOWN, N.J., UNDER SUBCONTRACT TO THE CONVAIR (ASTRONAUTICS) DIVISION OF GENERAL DYNAMICS CORP., THE PRIME CONTRACTOR OF THE ATLAS WEAPONS SYSTEM.

THE ATLAS, THE NATION'S FIRST INTERCONTINENTAL MISSILE CAPABLE OF CARRYING A WARHEAD MORE THAN 6,000 MILES, IS THE TYPE OF MISSILE THAT CARRIED A HUGE SATELLITE INTO ORBIT AROUND THE EARTH THURSDAY.

END ADVANCE FOR 6:30 PM EST, TODAY.
TU142PES

A81

NEW YORK, DEC 27 (AP)-WALDEMAR J. GALLMAN, U.S. AMBASSADOR TO IRAQ, SAID TODAY THE POSSIBILITY OF COMMUNIST PENETRATION INTO THE GOVERNMENT OF GEN. ABDEL KARIM KASSEM OF IRAQ "IS ONE OF THE REALLY BIG DISQUIETING FACTORS" IN THAT COUNTRY'S SITUATION.

GALLMAN, WHO RETURNED HOME ON THE LINER INDEPENDENCE, SAID, HOWEVER, COMMUNIST PENETRATION "HAS NOT GONE FAR" AND HE WOULD NOT LOSE FAITH IN IRAQ.

HE SAID THERE WAS NO QUESTION BUT WHAT RECENT STREET DEMONSTRATIONS IN BAGHDAD AGAINST ASSISTANT SECRETARY OF STATE WILLIAM ROUNTREE WERE COMMUNIST INSPIRED.

GALLMAN RETURNED HOME TO BECOME DIRECTOR GENERAL OF THE FOREIGN SERVICE IN WASHINGTON. HE WILL BE SUCCEEDED AS AMBASSADOR TO IRAQ BY JACK JERNEGAN, MINISTER COUNSELOR AT THE U.S. EMBASSY IN ROME.

TU513PES

A127PD

(200)

PORTLAND, ORE., DEC. 27 (AP)—ONE HUNDRED AND SEVEN KOREAN WAIFS ARRIVED HERE BY AIRPLANE TODAY -- A FEW DAYS LATE FOR CHRISTMAS BUT STILL THE BEST PRESENTS FOR THEIR ADOPTIVE PARENTS.

THE ORPHANS, MOST OF THEM LESS THAN TWO YEARS OLD, WERE BROUGHT HERE UNDER THE DIRECTION OF CRESWELL, ORE., FARMER HARRY HOLT WHO HAS ARRANGED ADOPTIONS FOR 1,176 KOREAN ORPHANS. THE YOUNGSTERS ARE THE CHILDREN OF TROOPS IN KOREA. ALL CAME FROM THE HOLT ORPHANAGE AND HOSPITAL IN KOREA.

DR. RALPH TEN HAVE, WHO ACCOMPANIED THE ORPHANS ON THE LONG FLIGHT, SAID ALL OF THE CHILDREN WERE IN GOOD HEALTH, ALTHOUGH SOME HAD SUFFERED AIR SICKNESS.

IN ADDITION TO THE DOCTOR, 13 ATTENDANTS -- INCLUDING HOLT'S DAUGHTER, MOLLY -- CARED FOR THE CHILDREN ON THE FLIGHT WHICH LEFT SEOUL CHRISTMAS DAY.

PEOPLE FROM 22 STATES WERE AT THE PORTLAND AIRPORT SATURDAY MORNING TO PICK UP THEIR NEW CHILDREN. ONE HUNDRED COUPLES FROM THROUGHOUT THE NATION HAVE AGREED TO PROVIDE HOMES FOR THE CHILDREN ON HOLT'S LATEST BABY-LIFT.

ONE OF THE COUPLES, A SUN BRONZED ARIZONA FARMER AND HIS WIFE, MR. AND MRS. MURL GARNER, OF FLORENCE, ALREADY ADOPTED TWO KOREAN BOYS. THEY HAVE FOUR CHILDREN OF THEIR OWN.

GARNER SAID THEY ARE ADOPTING THE KOREANS IN THE HOPES THAT SOMEDAY THE CHILDREN WILL RETURN TO THEIR NATIVE LAND AS MISSIONARIES "IN WHATEVER FIELD THEY WILL BE BEST AT -- RELIGION, FARMING OR MECHANICS."

JR523PPS NM

A90 (AGENCIES & RADIO OUT)

AP FOREIGN SERVICE ADVANCE FOR SATURDAY PMS

UNDATED CHINESE (450)

BY THOMAS P. WHITNEY

AP FOREIGN NEWS ANALYST

(ADVANCE) BROADCASTS FROM A CHINESE COMMUNIST STATION SHOW A RETREAT FROM THE RADICAL EQUALITARIAN COMMUNISM IN MANY OF THE NEW PEOPLE'S COMMUNES.

THESE COMMUNES ARE SEMIMILITARY UNITS OF TENS OF THOUSANDS OF PEOPLE WHICH OWN EVERYTHING AND RUN EVERYTHING IN ALL RURAL CHINA-- AGRICULTURE, INDUSTRY, POLITICS AND EVEN A LOCAL MILITIA OR ARMY. AS ORIGINALLY ORGANIZED THEY WERE NOT TOTALLY EQUALITARIAN, BUT APPARENTLY, AS THE MOVEMENT HAS SPREAD WITH FORCED IMPETUS FROM THE PEIPING GOVERNMENT, THEY HAVE GENERALLY BECOME MORE RADICAL AND MORE EQUALITARIAN.

SOME STRESS IS PUT ON THE IDEA THAT THE COMMUNES ARE BUILDING FOR SOCIALISM, NOT COMMUNISM. EARLIER THE CHINESE COMMUNIST PARTY'S CENTRAL COMMITTEE INDICATED THAT THE COMMUNES WOULD PERMIT CHINA TO MOVE DIRECTLY INTO COMMUNISM IN THE NEAR FUTURE.

TO NON-COMMUNISTS THE DISTINCTION BETWEEN SOCIALISM AND COMMUNISM MAY SEEM THIN. BUT TO ALL COMMUNISTS THIS DISTINCTION IS IMPORTANT. SOCIALISM IS DEFINED AS A STAGE OF DEVELOPMENT IN WHICH ALL PERSONS WORK ACCORDING TO THEIR ABILITIES AND RECEIVE COMPENSATION ACCORDING TO THEIR QUANTITY AND QUALITY OF THEIR WORK. COMMUNISM, ON THE OTHER HAND, IS A STAGE IN WHICH ALL WORK ACCORDING TO THEIR ABILITY AND RECEIVE ACCORDING TO THEIR NEEDS.

BROADCASTS PROCLAIMING A RETREAT FROM EXTREME EQUALITARIANISM EMANATE FROM WUHAN STATION IN HUPEH PROVINCE IN CENTRAL CHINA. THEY CITE A LETTER FROM WANG JEN-CHUNG, THE FIRST SECRETARY OF THE HUPEH PROVINCE COMMUNIST PARTY, SAYING "THERE IS NOW AN ERRONEOUS TENDENCY TOWARD ABSOLUTE EQUALITARIANISM." IT ADDS THAT THIS TAKES FORM OF EQUALIZING THE PAY OF ALL COMMUNE MEMBERS AND IMPOSITION OF AN EQUALIZED FOOD ALLOWANCE SYSTEM.

THE LETTER SAYS THAT SUCH A POLICY HAD HARMED TWO GROUPS OF PEOPLE IN PARTICULAR: THOSE WHO COME FROM VILLAGES WITH BETTER FINANCIAL RESOURCES THAN THE AVERAGE AND THOSE WHO HAVE FEW DEPENDENTS IN THE FAMILY.

IT PROPOSES DIFFERENTIALS TO KEEP THE INCOME OF FAMILIES FROM PREVIOUSLY BETTER-OFF VILLAGES FROM FALLING BELOW WHAT THEY USED TO GET. FAMILIES WHICH HAVE FEWER DEPENDENTS TO FEED WILL BE COMPENSATED AT BETTER PER CAPITA RATES THAN THE REST.

SAID THE LETTER: "WE ARE NOW IN A PERIOD OF SOCIALIST CONSTRUCTION. WE SHOULD, ON THE ONE HAND, CARRY OUT A COMMUNIST EDUCATION PROGRAM AMONG THE COMMUNE MEMBERS TO PROMOTE THE SPIRIT OF NON-COMPENSATORY LABOR."

THIS MEANS IN EFFECT: "LET'S INDOCTRINATE THE POPULACE WITH THE IDEA THAT THEY SHOULD WORK FOR NOTHING BUT IN THE MEANWHILE WE'LL HAVE TO GIVE THEM MATERIAL INCENTIVES IN FORM OF HIGHER PAY FOR THOSE WHO DO MORE WORK."

(END ADVANCE FOR SATURDAY PMS--MOVED DEC. 26)

B.I/K831AES

A160 (AGYS OUT) (2,000)

AP FOREIGN SERVICE ADVANCE FOR SUNDAY AMS, DEC. 28

STATE OF THE WORLD: AN AP SYMPOSIUM (2,000)

WIREPHOTO WILL MOVE PICTURES OF THE 10 WRITERS

EDITOR'S NOTE: WHAT'S AHEAD, AROUND THE WORLD, IN ~~the new year?~~ ² ~~the new year?~~ ² ~~the new year?~~ ²

THE AP SENT THAT QUESTION TO ITS CORRESPONDENTS IN 10 KEY AREAS. THEIR FINDINGS, DETAILED BELOW, SHOW BERLIN IS THE DOMINANT ISSUE. BUT IT, LIKE THE ECONOMIC CRISES THAT BESET MANY NATIONS, MAY BE SOLVED. --GERMANY, SCANDINAVIA--

BY RICHARD O'REGAN

BERLIN, DEC. 27 (AP)—THE MOST DANGEROUS EAST-WEST TUSSLE SINCE THE KOREAN WAR FACES THE WORLD IN 1959 OVER THE FUTURE OF BERLIN AND THE TWO GERMANY'S. A MISCALCULATION BY EITHER SIDE COULD SET OFF WORLD WAR III.

THERE IS NERVOUSNESS AMONG THE GERMANS, BUT HOPE THAT A PEACEFUL SETTLEMENT WILL BE FOUND. IT IS BELIEVED NEITHER EAST NOR WEST WANTS WAR.

THE LINES APPEAR RIGIDLY DRAWN FOR THE OPENING MONTHS: THE WESTERN POWERS WILL RESIST RUSSIA'S EFFORTS TO DRIVE THEM OUT OF WEST BERLIN. THEY WILL MAKE IT CLEAR THEY WILL FIGHT WITH AN ESCORTED AIRLIFT TO STAY.

RUSSIA AND COMMUNIST EAST GERMANY WILL KEEP UP THEIR DEMAND TO MAKE WEST BERLIN A DEMILITARIZED FREE CITY, AT LEAST UNTIL AFTER NIKITA KHRUSHCHEV TOPPLES ANY OPPOSITION IN THE JANUARY CONGRESS OF THE SOVIET COMMUNIST PARTY.

SPRING PROBABLY WILL SEE NEGOTIATIONS ON SOME LEVEL BETWEEN THE RUSSIANS AND THE WEST. THERE MAY BE COUNTER-PROPOSALS FROM THE WESTERN SIDE.

A FINAL SOLUTION MAY COME FROM A SUMMIT CONFERENCE. OR KHRUSHCHEV COULD CREATE A DIVERSION ELSEWHERE AND GIVE UP TRYING TO WIN BERLIN, AS STALIN HAD TO DO IN 1949.

ECONOMICALLY, WEST GERMANY WILL CONTINUE TO STRENGTHEN ITS LEAD AS THE CONTINENT'S TOP INDUSTRIAL POWER.

IN SCANDINAVIA, SWEDEN, NORWAY AND DENMARK WILL REMAIN POLITICALLY AND ECONOMICALLY STABLE. BUT IN FINLAND A STRUGGLE IS BREWING TO WARD OFF RUSSIAN ECONOMIC AND POLITICAL INFILTRATION.

--DASH--

--SOVIET UNION--
BY HAROLD K. MILKS
MOSCOW, DEC. 27 (AP)--THE SOVIET UNION INTENDS TO COME THROUGH 1959 STRONGER THAN EVER. THE WEST IS AGAIN GOING TO FIND THE SOVIETS HARD TO DEAL WITH.

THE KREMLIN HAS STARTED THE BALL ROLLING BY DEMANDING AN END TO OCCUPATION OF WEST BERLIN BY MAY 27--THAT IS SIX MONTHS AFTER NIKITA KHRUSHCHEV'S THANKSGIVING DAY ANNOUNCEMENT THAT THE SOVIET UNION DEMANDS A CHANGE IN GERMANY.

THE NATION IS BOLSTERED BY A BUMPER 1958 HARVEST AND BY CONTINUED POLITICAL AND SCIENTIFIC SUCCESSES.

IT SEEMS CERTAIN PREMIER KHRUSHCHEV WILL STRENGTHEN HIS ALREADY POWERFUL POSITION THROUGH THE 21ST COMMUNIST PARTY CONGRESS SUMMONED FOR JAN. 27.

IT IS CERTAIN THAT HIS CAMPAIGN TO OVERTAKE THE WEST IN INDUSTRIAL AND AGRICULTURAL PRODUCTION AND EVENTUALLY IN LIVING STANDARDS WILL CONTINUE AT FULL SPEED.

POLITICALLY THE SOVIET UNION ENTERS 1959 AT THE HEAD OF A STRONG, UNITED GROUP OF COMMUNIST COUNTRIES, EXCEPTING ONLY YUGOSLAVIA.

THE CAMPAIGN TO WIDEN SOVIET INFLUENCE IN ASIA AND AFRICA WILL CONTINUE. MORE PROPAGANDA AND ECONOMIC GUNS MAY BE TRAINED ON LATIN AMERICA IN A NEW EFFORT TO BREAK THE SOLID PRO-WESTERN FRONT THERE.

THE KREMLIN WILL PRESS ITS EFFORTS TO KEEP THE WESTERN WORLD ON THE DEFENSIVE AND THUS REAP THE HARVEST OF PROPAGANDA BENEFITS FROM UNCOMMITTED AREAS.

--DASH--

--WESTERN EUROPE--
BY GARVEN HUDGINS
LONDON, DEC. 27 (AP)--THE NEW YEAR MAY BE THE YEAR OF WESTERN EUROPE'S SECOND SUMMIT CONFERENCE SINCE THE WAR.
SOME DIPLOMATS SEE NO OTHER PRACTICAL WAY TO TACKLE THE BERLIN ISSUE AND THE PROBLEM OF DIVIDED GERMANY'S FUTURE.
SO, THE FEELING IS STRONG IN WEST EUROPEAN CAPITALS THAT A NEW SUMMIT MEETING IS COMING--PROBABLY IN THE SUMMER AND ALMOST CERTAINLY IN EUROPE.
THOUGH LITTLE CAME OUT OF THE GENEVA CONFERENCE OF 1955, MANY EUROPEANS BELIEVE ANOTHER PARLEY OF EAST-WEST GOVERNMENT CHIEFS WOULD LESSEN THE CHANCES OF WAR.

IN THE ECONOMIC FIELD, WEST EUROPE MAY HAVE A WAR OF ITS OWN UNLESS A COMPROMISE AGREEMENT IS REACHED ON A FREE TRADE AREA.

ECONOMIC MINISTERS WILL ATTEMPT AT A MEETING, JAN. 15 TO BREAK THE FREE TRADE DEADLOCK. BRITAIN AND SOME OTHERS ARE OPPOSING QUOTA AND TARIFF RESTRICTIONS TO BE LEVIED ON OUTSIDERS BY THE SIX COMMON MARKET NATIONS--FRANCE, WEST GERMANY, ITALY, BELGIUM, THE NETHERLANDS AND LUXEMBOURG.

NATIONAL ELECTIONS MAY PROVIDE THE BIG NEWS OF '59 IN BRITAIN. IN FRANCE PEOPLE WILL STILL BE HOPING FOR A MIRACLE TO END THE 4-YEAR-OLD WAR IN ALGERIA.

PREMIER AMINTORE FANFANI'S SHAKY ITALIAN GOVERNMENT WILL FACE GROWING INTERNAL DISSENSION AND LABOR UNREST AND SPAIN WILL CONTINUE TO WRESTLE WITH INFLATION.

DESPITE HOPES FOR A CONCRETE EAST-WEST AGREEMENT IN GENEVA FOR OUTLAWING OF NUCLEAR WEAPONS TESTS, IT IS QUESTIONABLE THAT ONE WILL BE FORTHCOMING.

--DASH--

30.24- 5665

--EASTERN EUROPE--
BY RICHARD KASISCHKE
VIENNA, DEC. 27 (AP)--THE SOVIET UNION TIGHTENED POLITICAL AND ECONOMIC CONTROLS ON ITS EAST EUROPEAN SATELLITES IN 1958 AND THE PROSPECT FOR 1959 IS MORE OF THE SAME.

MOST OF THE POLITICAL FREEDOMS GAINED BY THE HUNGARIAN REVOLT AND THE POLISH UPHEAVAL OF 1956 ARE GONE. MOSCOW IS DRAWING THE EAST BLOC CLOSER TRADEWISE THROUGH THE PLANNING OF ITS COUNCIL FOR MUTUAL ECONOMIC ASSISTANCE, AND AT THE SAME TIME PRODDING ITS RED ALLIES TO RENEWED POLITICAL AND ECONOMIC ENMITY AGAINST YUGOSLAVIA.

THE YEAR-END SITUATION:
POLAND--TIES WITH THE SOVIET BLOC NATIONS WHICH LOOSENED TWO YEARS AGO WHEN THE COUNTRY EMBARKED ON AN "INDEPENDENT ROAD TO SOCIALISM" ARE PROGRESSIVELY TIGHTENING. AT THE SAME TIME RELATIONS WITH THE UNITED STATES AND OTHER WESTERN COUNTRIES GET WORSE. INCREASING CONTROL OF THE PRESS IS FORESEEN.

HUNGARY--THE COMMUNIST REGIME, THOUGH STILL BACKED BY A RUSSIAN OCCUPATION ARMY, PROBABLY WILL TRY TO MAINTAIN AN IMPROVED LIVING STANDARD. THE COUNTRY'S REVOLT-SHATTERED ECONOMY HAS IMPROVED, BUT TRIALS ARISING FROM THE REVOLT CONTINUE.

ROMANIA-BULGARIA--PENAL CODES HAVE BEEN SHARPENED WITH NUMEROUS EXECUTIONS FOR THIEVERY AND CORRUPTION. ADVOCATING OF NEUTRALISM IS NOW A CAPITAL CRIME IN ROMANIA.

CZECHOSLOVAKIA--REMAINS THE QUIETEST OF THE SATELLITES WITH CONTINUING ARRESTS AND TRIALS OF ALLEGED PRO-WESTERN SUBVERSIVES KEEPING THE LID ON.

YUGOSLAVIA--PRESIDENT TITO, RESISTING INCREASED POLITICAL AND ECONOMIC PRESSURE FROM THE SOVIET BLOC, HOPES FOR NEW WESTERN CREDITS, EXPANDED COOPERATION WITH NEUTRALISTS AND TIES WITH WESTERN SOCIAL DEMOCRATS.

--DASH--

1958
--MIDDLE EAST--
BY TOM MASTERSON
BEIRUT, DEC. 27 (AP)--YOU CAN BE SURE OF ONE THING IN 1959--THE FIRES OF VIOLENCE WILL BURN BRIGHT AGAIN IN THE MIDDLE EAST.
THE ONLY QUESTION IS: WILL THE FLAMES SPARKED BY HATRED AND INTRIGUES BREAK OUT IN ISOLATED FASHION OR IGNITE A MAJOR WAR?
TROUBLE LURKS IN IRAQ, IN ENCIRCLED JORDAN AND ALONG THE TINDER BOX ARAB-ISRAELI ARMISTICE LINE.
IN LEBANON, THE MOSLEM AND CHRISTIAN HALVES OF THE POPULATION ENTER THE YEAR WITH AN UNEASY AND STOPGAP TRUCE.
GAMAL ABDEL NASSER, STRONGMAN ARCHITECT OF THE UNITED ARAB REPUBLIC LINKING EGYPT AND SYRIA, REMAINS THE IDOL OF THE ARAB MASSES. HIS STAR STILL RISES. BUT HE FACES MANY SERIOUS PROBLEMS. HE MUST CONTINUE TO PULL RABBITS FROM THE HAT. COMMUNISTS AND OTHER LEFTISTS ARE RIDING TALL IN THE SADDLE. BETWEEN THEM AND NATIONALIST ADHERENTS OF NASSER SITS PREMIER ABDEL KARIM KASSEM, THE ARMY BRIGADIER WHO ENGINEERED THE COUP D'ETAT THAT KILLED YOUNG KING FAISAL AND PREMIER NURI SAID AND SWITCHED IRAQ FROM A MONARCHY TO A REPUBLIC.
JORDAN'S KING HUSSEIN IS STILL BESET BY NASSERISM AND A SHORTAGE OF CASH. IF ONE DOESN'T TOPPLE HIM FROM HIS SHAKY THRONE, THE OTHER MIGHT.

SUDAN ENTERS THE NEW YEAR WITH THE MIDDLE EAST'S NEWEST MILITARY REGIME. IT HAS PROMISED TO RESTORE POWER TO THE CIVILIANS, BUT THAT REMAINS TO BE SEEN.

ISRAEL AUTHORITIES, THOUGH EVER ON GUARD AGAINST THE POSSIBILITY OF A NEW CLASH WITH THEIR ARAB NEIGHBORS, LOOK TO THE NEW YEAR OPTIMISTICALLY. ONE BIG FACTOR IS AN IMPROVEMENT IN TRADE AND OTHER RELATIONS WITH SOME ASIAN-AFRICAN NATIONS.

--DASH--

---AFRICA---

BY ANDREW BOROWIEC

ALGIERS, DEC. 27 (AP)-VAST REGIONS OF FRENCH CENTRAL AND WEST AFRICA WILL MOVE STEADILY AND FOR THE MOST PART QUIETLY TOWARD AUTONOMY IN 1959. ALGERIA WILL REMAIN A TROUBLE SPOT.

PREMIER DE GAULLE'S BIG GAMBLE LAST AUGUST OPENED THE WAY TO PEACEFUL EVOLUTION OF FRANCE'S WIDESPREAD POSSESSIONS SOUTH OF THE SAHARA, WHERE INSURGENT NATIONALISM THREATENED.

REJECT FRANCE'S NEW CONSTITUTION AND BECOME INDEPENDENT IMMEDIATELY, OR ACCEPT IT AND BECOME SEMI-AUTONOMOUS IN A FRENCH COMMUNITY, HE SAID.

ONLY ONE COUNTRY IN GUINEA, BROKE CLEANLY FROM FRANCE. NOW WORRIED PRESIDENT SEKOU TOURE, FACED WITH A SHORTAGE OF TRAINED ADMINISTRATORS AND TECHNICIANS, IS SEEKING NEW TIES TO BOLSTER HIS POSITION. GUINEA AND GHANA, FORMERLY THE BRITISH GOLD COAST, ARE MOVING TOWARD UNION.

MUCH OF THE REST OF FRENCH AFRICA IS TAKING UP DE GAULLE'S OFFER TO JOIN THE NEW FRENCH COMMUNITY. THE COMMUNITY WILL BE CLOSELY LINKED WITH PARIS, BUT INDIVIDUAL STATES RUN LOCAL AFFAIRS. IN TUNISIA, A FORMER FRENCH PROTECTORATE, PRESIDENT HABIB BOURGUIBA'S ONCE FIRM POLITICAL POSITION WILL CONTINUE UNCERTAIN BECAUSE OF A WEAK ECONOMY AND ATTACKS FROM CAIRO. IN MOROCCO, ANOTHER FORMER FRENCH PROTECTORATE, A POWER STRUGGLE BETWEEN MODERATE KING MOHAMED V AND NATIONALISTIC PARTIES WILL CREATE UNREST.

IN SOUTH AFRICA, THE NATIONALIST GOVERNMENT OF PRIME MINISTER HENRIK VERVOERD IS FIRMLY IN POWER FOR THE NEXT FOUR YEARS. HE UNDOUBTEDLY WILL TRY TO MEET GROWING RESTLESSNESS BY SEEKING TO PERFECT AND ENTRENCH THE GOVERNMENT'S APARTHEID POLICY OF SEPARATE DEVELOPMENT FOR WHITES AND BLACKS.

-DASH-

--CHINA, SOUTHEAST ASIA--

BY ROY ESSOYAN

HONG KONG, DEC. 27 (AP)-ECONOMIC CRISES, IN ASSORTED SHAPES AND SIZES, FACE THIS QUARTER OF THE GLOBE IN THE YEAR AHEAD.

FROM CHINA'S COMMUNISM TO THE CAPITALISM OF SOME SOUTHEAST ASIA NATIONS, THE PROBLEM IS THE SAME--NOT ENOUGH PRODUCTION AND LITTLE OR NO MONEY IN THE BANK.

EACH NATION IS TACKLING THE PROBLEM IN ITS OWN WAY. RED CHINA IS FORCING MILLIONS INTO REGIMENTED PEOPLE'S COMMUNES TO COERCE MORE AND MORE WORK OUT OF THEM. THE INEVITABLE PRICE--GROWING DISCONTENT.

NATIONALIST CHINA CAN KEEP A PRECARIOUSLY EVEN KEEL AS LONG AS U.S. AID CONTINUES. BUT PRICES ARE SOARING.

THE PHILIPPINES LIVES FROM DAY TO DAY WITH THE SPECTER OF CURRENCY DEVALUATION AND NO SOLUTION YET IN SIGHT FOR INCREASING UNEMPLOYMENT AND INFLATION.

INFLATION IS RAMPANT IN INDONESIA. THE COST OF LIVING CLIMBS STEADILY IN THAILAND. NEWLY INDEPENDENT MALAYA IS DESPERATELY SEEKING FOREIGN CAPITAL IN ITS STRUGGLE TO INDUSTRIALIZE.

MALAYA'S 10-YEAR-OLD WAR AGAINST RED GUERRILLAS IS LARGELY OVER, WITH AUTHORITIES ESTIMATING ONLY 900 OF THE ORIGINAL 11,000 RED JUNGLE FIGHTERS ARE LEFT.

--DASH--

--JAPAN, KOREA--

BY JAMES CARY

TOKYO, DEC. 27 (AP)-JAPAN AND SOUTH KOREA WILL RIDE STORMY POLITICAL SEAS IN 1959, CHIEFLY AS A RESULT OF COMMUNIST EFFORTS TO WRECK THE WESTERN ALLIANCE.

JAPAN, ASIA'S MOST INDUSTRIALIZED NATION, SHOULD SUCCESSFULLY FEND OFF TREMENDOUS PRESSURE TO ADOPT NEUTRALITY.

SOUTH KOREA EXPECTS A BITTER STRUGGLE OVER A CURTAILMENT OF CIVIL RIGHTS, WHICH PRESIDENT SYNGMAN RHEE'S GOVERNMENT CONTENTS IS NECESSARY TO FIGHT AN INCREASING FLOW OF SPIES FROM THE NORTH.

THERE IS UNREST OVER SELECTION OF AN HEIR TO RHEE, 83.

EFFORTS TO REVISE THE JAPAN-UNITED STATES SECURITY PACT ARE THE COMING STORM CENTER IN JAPAN. RUSSIA AND RED CHINA BRAND IT A STEP TOWARD WAR. JAPANESE SOCIALISTS DEMAND COMPLETE ABROGATION. THE RULING LIBERAL-DEMOCRATIC RANKS ARE SPLIT OVER HANDLING THE ISSUE.

THE TURMOIL COULD TOPPLE PRIME MINISTER KISHI. ONLY ANOTHER CONSERVATIVE REGIME COULD FOLLOW. 70:9.8, & 313:589, 91 125 MEMBERS OF PARLIAMENT--HALF THE

CONSERVATIVE REGIME COULD FOLLOW. UPCOMING ELECTION OF 125 MEMBERS OF PARLIAMENT--HALF THE UPPER CHAMBER--WILL PROVIDE A NEW TEST OF THE WIDENING GULF BETWEEN LEFT AND RIGHT.

POLITICAL HATCHETS WILL BE BURIED TEMPORARILY WHEN CROWN PRINCE AKIHITO MARRIES MICHIKO SHODA, A COMMONER, PROBABLY IN MAY.

--DASH--

--SOUTH ASIA--

BY WATSON S. SIMS

NEW DELHI, DEC. 27 (AP)-MORE THAN EVER BEFORE, SOUTH ASIA'S GOVERNMENTS OF THE RIGHT AND LEFT WILL BE JUDGED SIDE BY SIDE IN 1959 ON THEIR ABILITY TO COPE WITH BACKWARDNESS AND POVERTY. IT MAY BE A YEAR OF POLITICAL DECISION FOR MILLIONS.

PAKISTAN AND BURMA ARE ENTERING THE YEAR UNDER MILITARY DICTATORSHIPS; CEYLON UNDER EMERGENCY RULE WHICH HAS LASTED NEARLY A YEAR.

NEPAL WILL GET ITS FIRST CONSTITUTION AND PROBABLY UNDERTAKE THE MONUMENTAL TASK OF HOLDING AN ELECTION AMONG PEOPLE WHO ARE ONLY 5 PER CENT LITERATE. INDIA AND AFGHANISTAN WILL CONTINUE STRADDLING THE EAST-WEST FENCE.

A KASHMIR SETTLEMENT REMAINS UNLIKELY. BUT THERE'S A GENUINE CHANCE THAT INDIA AND PAKISTAN WILL SETTLE THEIR OLD AND BITTER DISPUTE OVER WHO GETS HOW MUCH WATER FROM THE INDUS RIVER SYSTEM.

INDIA WILL AGAIN SEND OUT EMISSARIES IN QUEST OF FOREIGN AID, WITH 650 MILLION DOLLARS STILL NEEDED FOR HER SECOND FIVE-YEAR PLAN. SHE'LL ALSO SEND SPECIALISTS TO RED CHINA TO SEE WHETHER THE BACKYARD FURNACE METHOD COULD HELP SOLVE HER OWN STEEL PRODUCTION PROBLEMS.

WITH GOOD WEATHER AND THE GOOD INTENTIONS OF PRESIDENT AYUB KHAN, PAKISTAN MAY FEED HERSELF FOR THE FIRST TIME IN YEARS. THERE'LL BE MORE HOUSING, LOWER PRICES AND A MORE REALISTIC APPROACH TO ECONOMIC PROBLEMS.

BURMA LOOKS FORWARD TO THE RETURN OF CONSTITUTIONAL GOVERNMENT EARLY IN THE YEAR. CEYLON CAN EXPECT EMERGENCY RULE TO BE LIFTED FOR THE FIRST TIME SINCE THE TAMIL-SINHALESE LANGUAGE RIOTS OF MAY 1958.

--DASH--

--LATIN AMERICA--

BY SAM SUMMERLIN

BUENOS AIRES, DEC. 27 (AP)-DARK CLOUDS ARE AHEAD FOR MOST LATIN AMERICAN LANDS, BESET BY ECONOMIC ILLS AND POLITICAL TURBULENCE.

BUT THERE ARE HIGH HOPES OF AT LEAST SOME RECOVERY IN 1959. FOR INSTANCE OPTIMISTS CONSIDER SUBSTANTIAL BENEFITS WILL COME FROM THE DISCUSSIONS OF A "COMMITTEE OF 21" FROM THE 21 REPUBLICS THAT HAS BEEN THRESHING OUT IN WASHINGTON SUCH PET PROJECTS AS A COMMON

MARKET, MORE U.S. AID FOR INDUSTRIAL GROWTH AND INCREASED TECHNICAL ASSISTANCE.

THOUGH SOME DELEGATES SAY THE UNITED STATES IS STILL THROWING COLD WATER ON MANY LATIN IDEAS, THE COMMITTEE WILL MEET AGAIN IN MAY, PROBABLY IN BUENOS AIRES, TO FOLLOW THROUGH.

COMMUNISTS DELIGHTED BY THE STONING OF VICE PRESIDENT NIXON IN LIMA AND CARACAS LAST SPRING MAY FIND 1959 A BLEAK YEAR IN MANY SPOTS. VOTERS IN FOUR NATIONS--CHILE, BRAZIL, URUGUAY AND VENEZUELA--SHUNNED RED-BACKED CANDIDATES AND GENERALLY SHOWED A SHARP TURN TO THE RIGHT. THIS FORECASTS LESS GOVERNMENT INTERVENTION AND MORE AUSTERITY FOR MANY LATIN PEOPLE.

IN CUBA, BLOOD STILL FLOWS IN THE STRUGGLE OF FIDEL CASTRO'S REBELS TO UNSEAT THE FULGENCIO BATISTA REGIME. IT WILL GO ON, THOUGH A NEW PRESIDENT TAKES OVER IN FEBRUARY.

IN ARGENTINA, PRESIDENT ARTURO FRONDISI IS STRUGGLING TO BRING ECONOMIC ORDER OUT OF CHAOS. HE WANTS TO BOOST OIL PRODUCTION WITH FOREIGN HELP, LARGELY FROM U.S. COMPANIES. FRONDISI FLIES TO WASHINGTON IN JANUARY TO SEE PRESIDENT EISENHOWER.

MEXICO IS A BRIGHT SPOT. THAT NATION FACES THE NEW YEAR WITH A NEW PRESIDENT, ADOLFO LOPEZ MATEOS, POLITICAL TRANQUILITY, MONEY IN THE BANK AND BOOMING INDUSTRIES.

END ADVANCE FOR SUNDAY AMS, DEC. 28; MOVED DEC. 20

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